PROJECT MANAGEMENT AND STRATEGIC INITIATIVES INTERSECT FOR INCREASED SUSTAINABLE COMPETITIVE ADVANTAGE

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Abstract

One of the challenges facing traditional stock broking firms, including Investec Securities, the firm used as the case study in the dissertation, is to strengthen and align their operational business to support the strategic initiatives of the revenue-generating component of the business, to enable them to deliver well diversified, top performing wealth generating investment products and services to the astute and knowledgeable investor of the 21st century. Projects and project management serve as primary capabilities of an organisation to respond to change and to strive to maintain a competitive advantage. Projects may be considered in the design and implementation of future strategies of the organisation. It is therefore necessary for management to shift their focus towards the simultaneous management of the whole collection of projects as one consolidated entity, linking the set of projects to the ultimate strategic business initiatives of the organisation.

The purpose of this study is to investigate the benefits of implementing standardised project management methodologies in large stock broking firms in South Africa using Investec Securities, the largest stock broker in the country, as a case study. The secondary objectives were to assess the effectiveness of project management in the organisation, gain insight into the concept of standardised project management, and assess which methods the Project office applies to align strategic business initiatives with project expectations and delivery.

Given the purpose and objectives of the study a qualitative approach was taken as the primary research methodology for the study. The sampling design was a purposive non-probability sample, and the survey population consisted only of individuals employed in Investec Securities that play an active role in the project management programme and/or strategy formulation of the organisation. Data was collected using the survey research method in the form of a questionnaire distributed to respondents with the purpose of obtaining a representative sample of the target population. This study aimed at gleaning respondent's perceptions on project management, business strategy, and their alignment within the chosen organisation.

The findings and conclusion of the study have shown that employees at Investec securities are satisfied with the project management process in the organisation. There are some areas of concern that have been identified that would require the attention of management, such as the project prioritisation process, and the apparent inability to complete projects on time and within budget. The research indicated that the business strategy does not drive the project management to the degree it should and that the benefits offered by the standardised project management process are not fully utilised by management in their strategic decision making processes.

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CHAPTER 1
INTRODUCTION, PROBLEM STATEMENT AND OBJECTIVES OF THE STUDY

1.1 BACKGROUND

The recent developments and challenges of the private client stock broking industry in South Africa and the core concepts of standardised project management, strategic initiatives and how these intersect to create a sustainable competitive advantage are explored below.

The metamorphosis of the South African stock broking industry started with the dematerialisation of script, the process of converting share certificates into electronic format in March 2001. The process required significant modifications to the information technology systems of the members of the Johannesburg Securities Exchange (JSE). This was followed by the terrorist attacks of September 11, 2001 causing global financial markets to fall into a recession which according to Twin (2006) bottomed in October 2002.

The recession period highlighted the volatile nature of earnings, and excessive cost structures of the stock broking industry. This in turn resulted in a significant consolidation of the number of firms competing for an ever decreasing pool of South African investors at the time. Firms shifted their focus to cost cutting measures rather than revenue generating opportunities.

Regulatory changes such as the introduction of Capital Gains tax by the Minister of Finance his Budget speech on 23 February 2000 (SARS 2001), tested the resilience of the stock broking community even further, as these factors significantly increased the administrative burden on stock broking firms, struggling to manage their increasing costs. The rising costs made it abundantly clear that economies of scale and an expansion of investment products were needed to maintain and ultimately increase market share.

In the second quarter of 2003 the economic life cycle started to take an upward turn as investor confidence increased, and renewed investment into developing markets such as South Africa attracted an inflow of foreign direct investment into our economy. The bull market continued at an aggressive pace until the end of February 2007 when the tide started to turn in favour of the bears, with the emergence of the US Sub prime credit crunch. The immediate effect was a drastic increase in volatility on securities exchanges worldwide, including the Johannesburg Stock Exchange, as well as a sharp sell off of financial stocks globally (Laubscher, 2007).

These market conditions, illustrate the need for Stock broking firms that operate in the South African market, to focus on growing their annuity based income to be less reliant on non discretionary brokerage fees for their financial success.

Taking the lessons from the past to heart, stockbrokers are realising that they have to make investments in their product offerings whilst the stock market is still producing above average returns to ensure they are positioned to benefit from the emerging market opportunities identified by foreign investors and the growing local investor base created by the broad based wealth distribution in the country due to Black Economic Empowerment initiatives.

One of the challenges facing traditional stock broking firms is to strengthen and align their operational business to support the strategic initiatives of the revenue-generating component of the business, to enable them to deliver well diversified, top performing wealth generating investment products and services to the astute and knowledgeable investor of the 21st century.

The importance of delivering investment products at the right time, in the desired format to clients whilst ensuring compliance with the relevant regulations including the Financial Intelligence Center Act, 2001 ("FICA") and the Financial Advisory and Intermediaries Act, 2002 ("FAIS") as promulgated by the South African National Treasury (2003), supported by cutting edge portfolio management and administrative systems, has made the role of efficient project management, one of the most critical functions in the business, to ensure a competitive advantage for firms that implement standardised project management methodologies successfully.

It is widely recognised that poor project planning plays a major role as one of the significant causes of project failure (Hartman & Ashrafi, 2004:499). Despite adequate coverage of project planning in various project management text books and journals, an alarming amount of projects still fail for some reason or another. Various studies suggest that the overall success rate is not more than 40%, and for Information Technology projects the rate is even lower (White & Fortune, 2002:20). Projects seldom suffer from abysmal failure, but they do have the tendency to take longer to complete than initially anticipated, run over budget or fail to deliver on expectations in terms of quality, scope or other key stakeholder expectations (Hartman & Ashrafi, 2004:499).

According to Dietrich and Lehtonen (2005:386), projects and project management serve as primary capabilities of an organisation to respond to change and to strive to maintain a competitive advantage. Projects may be considered in the design and implementation of future strategies of the organisation. It is therefore necessary for management to shift their focus towards the simultaneous management of the whole collection of projects as one consolidated entity, linking the set of projects to the ultimate strategic business initiatives of the organisation.

The common characteristic or objective of multiple project management is to derive a value added benefit for the organisation by introducing increased coordination and manageability over the set of multiple projects and by ensuring better alignment between the activities conducted in projects and the strategic initiatives of the organisation (Dietrich & Lehtonen, 2005:390).

The aligning of project management with business strategy is not a widely explored concept, and within the realms of the stock broking industry in South Africa it is an unexplored concept that does not feature in the literature review conducted. It is considered to be of significant relevance in the highly competitive global financial markets stock broking firms operate in and has the potential to significantly reduce costs and increase the efficiency of organisations in which it is successfully implemented.

It is important for senior managers and project managers alike to identify, implement and manage the alignment as stated above. Managers need to identify, prioritise and pursue projects of a strategic nature that have the ability to enhance the organisation's profitability, and service levels to clients in order to achieve a sustainable competitive advantage.

1.2 PROBLEM STATEMENT

The problem statement contains the need for the research project. The problem is usually represented by a research question. It is followed by a more detailed set of objectives (Cooper & Schindler, 1998:600).

Historically, the world of business has recognised business strategy planning and project selection as the responsibilities of senior managers, and the project planning and execution processes as the activities performed by project managers and project teams. When the processes are aligned the individual elements feed of each other, but when they are not aligned, organisations may fail to link their projects to their business strategy, which may result in the premature elimination of some projects, and the continuation of projects that do not add value to the organisation's goals, wasting valuable resources in the process (Pinto & Covin, 1989:22-27; Shenhar, 2001:47).

According to empirical studies done by Kerzner (2003:13-25) and Cooper *et al*. (2001:26-31), a company's effectiveness partly depends on the success of its projects. Consequently, researchers such as Pinto and Slevin (1987:22-27) and Might and Fisher (1985:71-77) have investigated those factors affecting project success, including quality of execution, and even project management techniques. The majority of the studies were done on an individual project level, and they tend to apply these success factors to all project situations (Shenhar, 2001:47).

In the literature review conducted, the concepts of standardised project management (Milosevic & Patanakul 2005:181-192), strategic business initiatives and sustainable competitive advantage (Hoffman, 2000; Iversen, 2002) are explored and investigated, but the studies were not specifically conducted for projects in the stock broking industry.

The problem is therefore derived from a gap in the literature that does not explicitly address how the effective linkage between project management and strategic business initiatives will create a sustainable competitive advantage for an organisation that implements it effectively. This study seeks to explore this gap and propose a possible solution in the form of a value enhancing linkage strategy between project management and business strategy within the context of a traditional South African stock broking firm. The proposed strategy will aim to support the achievement of strategic initiatives though standardised project management in the firm's quest to gain a sustainable competitive advantage over its rivals in the South African stock broking industry.

The derived problem statement is as follows:

How does the implementation of standardised project management support and intersect with strategic business initiatives to create a sustainable competitive advantage for Investec Securities?

The investigation of the above-stated problem is executed through the exploration of the following sub-problems:

- What is standardised project management and how is it implemented in the chosen organisation?

- What are strategic business initiatives, and how are they formulated within the chosen organisation?

- How do business strategy and project management intersect to ensure the effective execution of the firm's strategic initiatives?

- To what extent does the implementation and execution of standardised project management enable the organisation to gain a competitive advantage?

The sub-problems lead to the primary and secondary research objectives that are stipulated in the following section.

1.3 OBJECTIVES OF THE STUDY

The research objective is the purpose of the research, expressed in measurable terms; the definition of what the research should accomplish (Zikmund, 2003:99).

In this study, the following primary and secondary objectives will be explored.

1.3.1 Primary research objective

The purpose of this study is to investigate the benefits of implementing standardised project management methodologies in large stock broking firms in South Africa using Investec Securities, the largest stock broker in the country, as a case study. The literature review will be expanded by empirical research to measure the significance of implementing the PMBOK® project management standards in a traditional stock broking environment, to determine how it supports the achievement of the strategic business initiatives and the development of a possible sustainable competitive advantage for the organisation.

1.3.2 Secondary research objectives

The primary research objective is supported the following secondary research objectives:

- To assess the effectiveness of standardised project management within the organisation as classified by the measurement criteria in the PMBOK® Guide.

- To investigate the concept of standardised project management highlighting the importance of effective planning, measurement, and control, using actual projects completed within the organisation as case studies.

- To assess which methods the Project office applies to align strategic business initiatives identified by senior management, with project expectations and delivery.

- To create a framework, based on the findings of the literature review and the questionnaire, of a proposed strategy for aligning project management objectives with the strategic business initiatives of the organisation, to contribute towards the achievement of a sustainable competitive advantage in the stock broking industry.

1.4 RESEARCH DESIGN AND METHODOLOGY

According to Zikmund (2003:65), research design is a master plan specifying the methods and procedures for collecting and analysing the needed information. It is a framework or blueprint that plans the action for the research project. The objectives of the study determined during the early stages of the research are included in the design to ensure that the information collected is appropriate for solving the problem.

According to Hair, Bush and Ortinau (2003:40), the master plan can be manifested in one of three main forms of research design, including: exploratory research (which focuses on the collection of secondary or primary data and the use of informal procedures to interpret them); descriptive research (which uses more scientific methods and procedures to collect and interpret raw data); and causal research (which is designed to collect raw data and create data structures and information that will enable the modeling of cause-and-effect relationships between two or more market/decision-making variables).

The purpose of this study is to examine the nature of the contribution made by standardised project management as stipulated in the PMBOK® guide towards achieving strategic business initiatives of Investec Securities, as well as exploring possible ways of enhancing the contributions made towards achieving a sustainable competitive advantage for the organisation. Due to the fact that the study is yet untested, it will be of an exploratory nature.

Both empirical (primary) and theoretical (secondary) research will be conducted to clarify the research problem presented in this study.

The secondary research component, represented by a thorough literature review will be conducted. With regards to the empirical research component, Investec Securities will be closely examined in the form of an in-depth case study using actual projects completed and projects in-progress at the time of the study within the organisation to measure the significance of the PMBOK® standardised project management concept, as well as focusing on its linkage with the strategic business initiatives of the chosen organisation.

A case study research methodology will be used as the first step to develop constructs from the real-life context, to test the hypothesis for the qualitative study.

The second step of the research process will be executed by means of conducting semi-structured interviews with project managers, project team members and senior management in the organisation using a questionnaire-based approach. The participants have been selected to participate due to their extensive involvement in various high profile projects in Investec, but also in project management within other similar financial institutions prior to joining the group.

The questionnaire distributed to the selected employees of Investec Securities will be constructed with formal closed-ended questions, to obtain information regarding strategic business initiatives and project management in the organisation. The focus will be to gain knowledge of their experiences with standardised project management, to assist in the identification of factors that are critical to successful project delivery.

Content analysis, which Zikmund (2003:248) describes as a research technique for the objective, systematic, and quantitative description of the manifest content of communication, will be used after conducting the interviews, to get a better insight into the inner workings of the subject matter, and to consolidate the opinions and views of the individual project managers. The literature review also forms part of the case study research, as it refines the construct definitions and adds theoretical validity.

A non-probability sample of fifty employees involved with projects and project management within Investec Securities will be drawn as potential respondents for the case study research. Non-probability sampling refers to a technique in which units of the sample are selected on the basis of personal judgement or convenience (Zikmund, 2003:380). The sample is based entirely on the judgement of the researcher in that the sample comprises of elements that contain the most characteristic, representative or typical attitudes of the population.

The literature review and the statistical analysis of the responses from the questionnaire will be used as inputs in the development of a project management strategy framework for aligning project management with strategic business initiatives to assist in achieving a sustainable competitive advantage in the South African stock broking industry.

1.5 DEMARCATION AND LIMITATIONS OF THE STUDY

The study will focus on providing a set of guidelines for implementing an effective value enhancing project management strategy within the industry, based on the methodologies that are already in existence within the broader field of project management. The study also aims to explore the benefits of aligning strategic business initiatives with project management objectives, rather than prescribing an exact methodology to organisations, their processes and the South African stock broking industry.

1.6 CLARIFICATION OF KEY CONCEPTS

Sustainable competitive advantage - sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy that is not simultaneously being implemented by any current or potential competitors due to their inability to duplicate the benefits of this strategy, or to the experienced difficulty and cost associated with imitation (Hitt, Ireland & Hoskisson, 2003:6).

Strategic management – strategic management is the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment, in order to achieve the long term objectives of the organisation and therefore gain a competitive advantage through adding value for the stakeholders (Ehlers & Lazenby, 2004:2).

Strategic initiatives – strategic initiatives are major targets or end results that relate to the long term survival, value, and growth of the organisation (Bateman & Snell, 2007:122).

Project – a project is a temporary endeavor undertaken to create a unique product, service or result (Project Management institute, 2004:5).

Project management - project management is the application of knowledge, skills, tools and techniques to project activities to meet project requirements (Project Management Institute, 2004:8)

Project Management Body of Knowledge – the Project Management Body of Knowledge is the sum of knowledge within the profession of project management. As with other professions, the body of knowledge rests with the practitioners and academics that apply and advance it. The complete Project Management Body of Knowledge includes proven traditional practices that are widely applied, as well as innovative practices that are emerging in the profession, including published and unpublished material (Project Management Institute, 2004:1).

Project prioritisation – is the ranking of selected projects into some order of importance or urgency. It defines the projects' order of execution and prioritised demand on the organisation's resources, such as people and capital (Comninos & Frigenti, 2003:14).

Project management/business strategy alignment – the degree to which priorities of an organisation's project management is compatible with the priorities of its business strategy (Srivannaboon & Milosevic, 2006:495).

Project portfolio management – is a strategic, mission-driven approach that is concerned with the organisation as a whole. It involves the identification of opportunities, selecting the projects to help fulfill these opportunities, planning and executing the projects, and continually assessing the benefits of the projects to organisational success (Rad & Levin, 2007:103).

Theoretical framework - a set of well developed concepts related to each other through statements of interrelationships, including an integrated structure that can be used to describe phenomena (Srivannaboon & Milosevic, 2006:495).

1.7 CHAPTER OUTLINE

Chapter two presents the PMBOK® standards, project management methodological issues, and current practice in project management. Project success criteria will also be explored in this chapter.

Chapter three exhibits business strategy and project management to demonstrate how the two intersect, various models and techniques to create a successful linkage between business strategy and project management as well as project management's effectiveness to create a sustainable competitive advantage will be examined.

Chapter four describes the research methodology used. This chapter discusses in detail the research design selected, the sampling frame used, the data collection and analysis techniques applied as well as the validity and reliability of the results.

Chapter five discusses the findings and analysis of the research. This chapter also includes the processing, analysis and interpretation of the data used to represent the findings of the study.

Chapter six, the concluding chapter, provides conclusions and recommendations regarding a set of guidelines for the implementation of an effective linkage strategy between project management and business strategy that aims to create a sustainable competitive advantage for chosen organisation.

CHAPTER 2

PROJECT MANAGEMENT METHODOLOGY AND THEORY

2.1 INTRODUCTION

Organisations are increasingly using projects on a daily basis to achieve operational and strategic goals. It creates a growing need within organisations for the management of projects. In recent years researchers have become more interested in factors that may have an impact on project management effectiveness, as well as critical project factors that can be measured to determine the ultimate success or failure of projects in meeting their desired objectives (Hyvari, 2006:216).

In this chapter an overview of the Project Management Body of Knowledge (PMBOK) guide which describes knowledge unique to the project management field, basic PMBOK concepts and criteria will be presented. This is followed by an exploration of Standardised Project Management and its key factors that measures project success. The chapter will conclude with an analysis of key themes that contribute to project management effectiveness.

2.2 PROJECT MANAGEMENT BODY OF KNOWLEDGE

The Project Management Institute (PMI) was established in 1969. By 1990, the PMI had 7,500 members, and by the end of 2004 it had 154,000 members (Meredith & Mantel, 2006:5). This exponential growth is indicative of the growth in the use of projects, but also reflects the importance of the PMI in the development of project management as a profession. A major objective of the PMI is to codify the areas of learning required for competent project management. This Project Management

Body of Knowledge, PMBOK, is meant to serve as the fundamental basis for education for project managers (Meredith & Mantel, 2006:5).

The PMBOK document is representing itself as the authority in many areas of project management, including:

- defining generally accepted practices of project management;
- defining the basis of certification testing for project management professionals; and
- defining the basis for the accreditation of degree-granting education programs in project management.

PMBOK development activities over the recent years have shifted from the creation of an 'information structure reference' to a 'professionalism-authority' reference (Allen, 1995:77). The Project Management Body of Knowledge describes knowledge unique to the project management field. The knowledge of project management described in the PMBOK guide (Project Management Institute, 2004:12) consists of:

- project life cycle definition;
- five project management process groups; and
- nine knowledge areas.

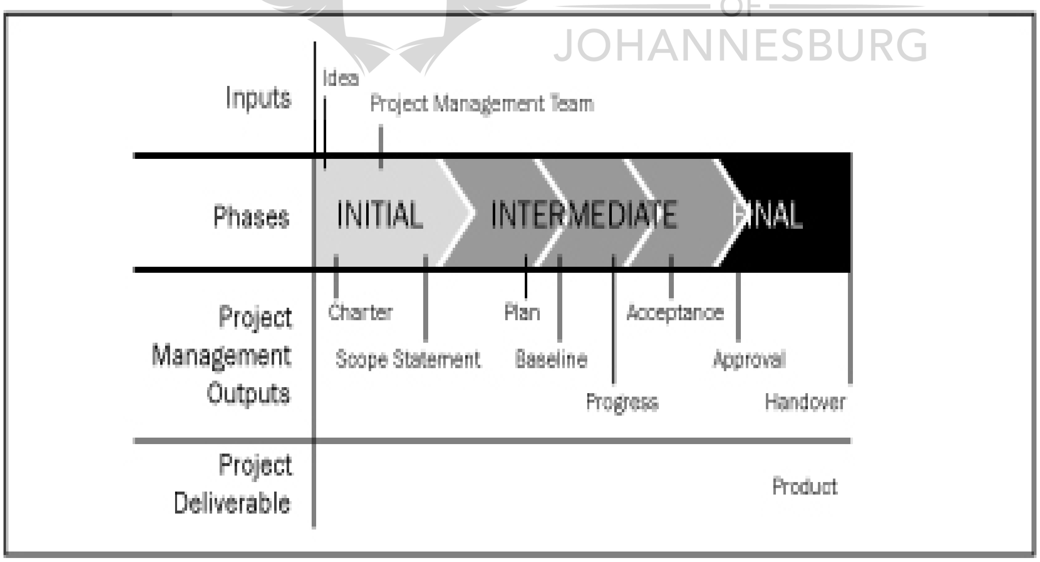
2.2.1 Project management life cycle

According to the Project Management Institute (2004:19), project managers or the organisation can divide projects into phases to provide better management control with appropriate links to the ongoing operations of the organisation. Collectively, these phases are known as the project life cycle. The project life cycle defines the phases that connect the beginning of a project to its end. Project life cycles generally define:

- the technical work to do in each phase;
- the deliverables to be generated in each phase, and how each deliverable is reviewed, verified and validated;
- who is involved in each phase; and
- how to control and approve each phase.

Phases are generally sequential and are usually defined by some form of technical information transfer. The cost and staffing levels are low at the start, peak during the intermediate phases, and drop rapidly as the project draws to a close. The level of uncertainty is highest at the start of the project, and finally the ability of stakeholders to influence the final characteristics and cost of the project is the highest at the start, and gets progressively lower as the project continues.

Figure 2.1 Typical sequence of phases in the project life cycle



Source: Adapted from PMBOK guide (2004:23).

A project phase is generally concluded with a review of the work accomplished and the deliverables to determine acceptance (Project Management Institute, 2004:22).

2.2.2 Project management process groups

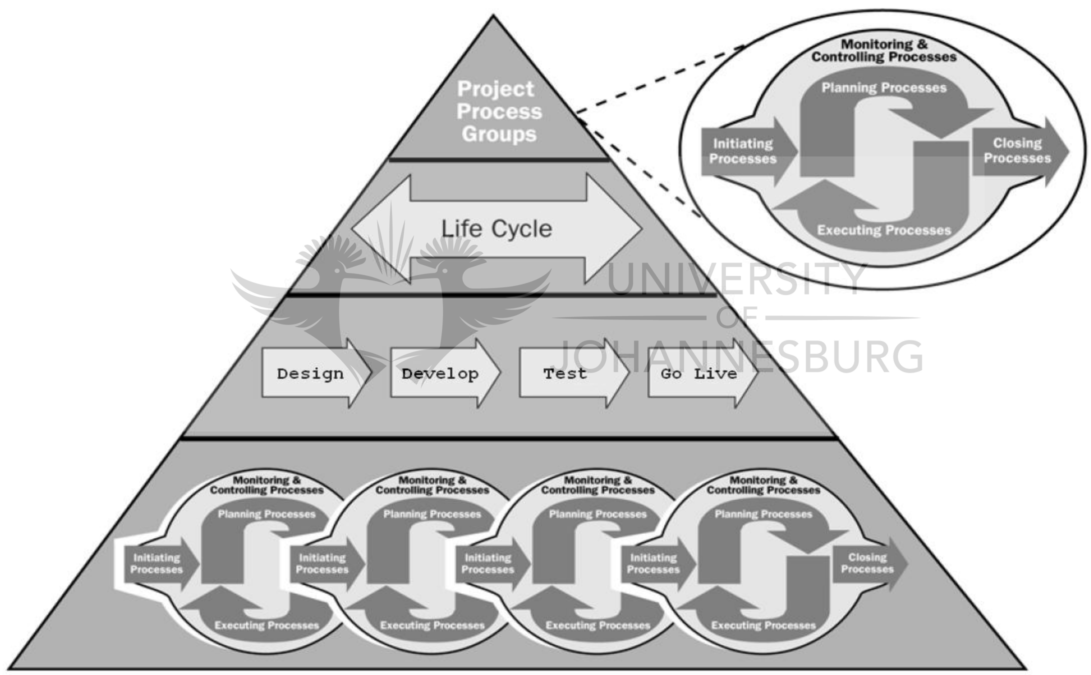
According to the Project Management Institute (2004:38), the Standard describes the nature of project management processes in terms of the integration between the processes, the interactions within them, and the purposes they serve. The project management process groups consist of five groups, namely:

- initiating process group;
- planning process group;
- executing process group;
- monitoring and controlling process group; and
- closing process group.

An underlying concept for the interaction among the project management processes is the 'plan-do-check-act' cycle as stated by Kiesow (1994) This cycle is linked by results, where the result from one part of the cycle becomes the input to another. The planning process group corresponds to the "plan" component of the cycle. The execution process group corresponds to the "do" component and the monitoring and controlling process group to the "check" and "act" components. The initiating process group starts these cycles and the closing process group ends them.

The five process groups are each responsible for different individual processes. The initiating process group defines and authorises the project or a project phase. The planning process group defines and refines objectives, and plan the course of action required to achieve the objectives and scope of the project. The execution process group integrates people and other resources to carry out the project management plan, whilst the monitoring and controlling process group measures and monitors progress to identify variances from the project plan so that corrective action can be taken where necessary to meet the project objectives. Finally the closing process group formalises acceptance of the product, service or result, and brings the project to an orderly end.

Figure 2.2 Project management process group triangle



Source: Adapted from PMBOK Guide (2004:69).

The project management process groups are linked by the objectives they produce. The output of one process becomes an input to another process or is a deliverable of the project. The process groups are generally overlapping activities that occur at varying levels of intensity throughout the project.

2.2.3 Project management knowledge areas

There are three major project documents described within the PMBOK guide, and each has a specific purpose (Project Management Institute, 2004:76):

- the project charter formally authorises the project;
- the project scope statement, states what work is to be done and what deliverables are to be met; and
- project management plan, which states how the work will be performed. The project management plan is comprised of the plans and documents generated by the various processes.

The project management knowledge areas organises the fourty four project management processes from the project management process groups into nine knowledge areas (Project Management Institute, 2004:80),namely:

- *Project scope management* - which describes the processes involved in determining that the project includes all the tasks required to complete the project successfully. It comprises of scope planning, scope definition, creating a work breakdown schedule, scope verification and scope control processes.

- *Project integration management* - describes processes and activities that integrate the various elements of project management which are identified, defined, combined and coordinated within the project management process groups. It consists of the development of a project charter, preliminary project scope statement, a project management plan, managing of the project execution, monitoring and controlling of the project work and integrated change control.

- *Project cost management* - which analyses processes involved in planning, estimating, budgeting and controlling costs to ensure that the project is completed within the approved budget.

- *Project time management* - analyses the processes concerned with the timely completion of the project. It comprises of activity definition, activity sequencing, activity resource estimation, activity duration estimation and schedule development and control.

- *Project human resource management* - describes the processes that organise and manage the project team. It consists of human resource planning, acquiring and developing a project team, and management of the project team.

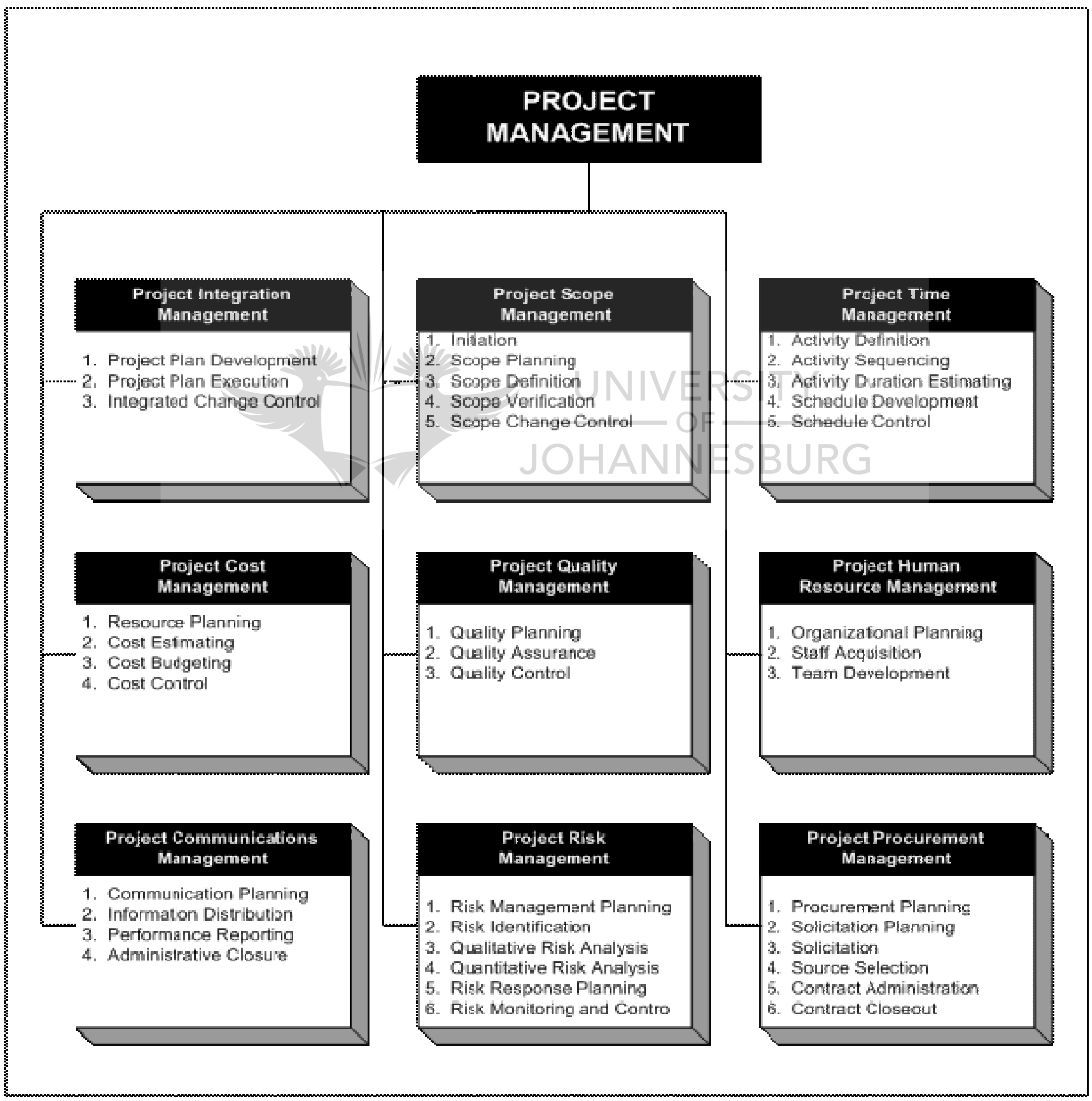
- *Project quality management* - which describes the processes involved, that guarantees the project will satisfy the objectives for which it was undertaken. This knowledge entails quality planning, performing quality assurance as well as quality control processes.

- *Project communications management* - involves the processes concerned with the timely and appropriate generation, collection, dissemination, storage and disposition of project information. The knowledge consists of communications planning, information distribution, and performance reporting.

- *Project risk management* - describes the processes concerned with conducting risk management on a project. These processes include risk planning, risk identification, qualitative risk analysis, quantitative risk analysis, and risk monitoring and control.

- *Project procurement management* - describes contract management processes, as well as processes that acquire products, services or results. It consists of plan purchases and acquisitions, plan contracting, contract administration and contract closure processes.

Figure 2.3 Overview of project management knowledge areas



Source: Adapted from PMBOK guide (2004:11).

2.3 STANDARISED PROJECT MANAGEMENT SUCCESS FACTORS

Organisations prefer to implement standardised project management, which can be defined as a standardised set of project management practices. The companies implementing standardised project management expect the approach to significantly enhance their potential for improving project performance (Milosevic & Patanakul, 2005:181).

Brown and Eisenhardt (1997:1-34) suggested that critical success factors can be dependant on the level of standardisation of project practices. The Project Management Institute issued a standard, the Organisational Project Management Maturity Model (OPM3), which suggested standardised project management plays a significant role in many organisation's approach to project management (Project Management Institute, 2004). In context of this study, the approach followed by Investec Securities supports this belief.

There are a number of empirical studies in general project management literature dealing with project success measures (Procaccino *et al*., 2005:194-203; Shenhar, Tishler & Dvir, 2002:111-126; Yu *et al.,* 2005:428-436) The dominant view amongst these are a stakeholder approach to project success, where each stakeholder in a project takes its own view of project success that differs from the view expressed by the other stakeholders in the project. The idea is that measures of project success must include the diversity of all stakeholders' interests (Procaccino *et al*., 2005:194-203).

In industries covered by the literature, success measures include aspects such as: on time-to-market (anticipating markets), measuring if the product or service meets the demands of current customers (on target to market), cost, quality, customer satisfaction (Hartman & Ashrafi, 2002:5-15) and even the quality of the project management process (Brown & Eisenhardt, 1997:1-34). Overall these measures also follow the stakeholder approach. In addition, the success measures can be grouped as (a) internal measures; cost, time and quality and (b) external measures; benefiting the customer, through customer satisfaction and benefiting the organisation through an increase in market share and profitability (Milosevic & Patanakul, 2005:183).

Critical project management success factors can be described as characteristics, conditions or variables that can have a significant impact on the success of the project when properly sustained, maintained or managed (Grunert & Hildebrandt, 2004:459-461). According to Loo (2003:29-36) a standardised process, which includes approaches and procedures, is a success factor. In addition, standardised project management tools and skill sets for project leadership are identified as critical success factors in a case study about Toyota projects by Sobek *et al*. (1998:36-49).

According to Kerzner (2003:13-25) information management systems and organisational culture impact project success, and can be identified as critical success factors. Brown and Eisenhardt (1997:1-34) further demonstrated that process, communication, and interpersonal relationships impact project success. Other researchers found success factors such as project management process (Collyer & Warren, 2009:355-364), project organisation (Sundstrom & Viktorsson, 2009:1-9), tools, metrics (Hartman & Ashrafi, 2002:5-15) and culture (Smythe, 2009:97-100).

Milosevic and Patanakul (2005:186) concluded from the research they conducted that seven standardised project management success factors can be identified, namely:

- project management process;
- project management tools;
- information management systems;
- project culture;
- project management metrics;
- project organisation; and
- project leadership.

Milosevic and Patanakul (2005:182-193) concluded from their findings that a higher degree of standardised project management process tends to increase the success of development projects. In addition, development projects that use more standardised project management tools increase their project success. Davidson *et al.* (1999:12-18) found that development projects using a more standardised metrics system to measure and monitor project performance will have a higher project success rate. Finally, development projects that are managed by managers with more standardised skill sets tend to have improved project success (Sobek *et al.*, 1998:36-49).

Having established the key standardised success factors namely, project process, project tools, information systems, project culture, management metrics, project organisation and leadership, the next stage is to observe how these factors might assist organisations using project management to do so more effectively. Targeting the main problems and issues using the key success factors as a focus could make a significant difference to the effectiveness of project management (Clarke, 1999:141).

In striving for standardisation in the management of projects, an organisation should consider focusing on the key success factors as a first stage in establishing a project management standard for the organisation. According to Clarke (1999:142) an organisation can obtain an effective project standard by concentrating on setting clear objectives and project scope, achieving good communication, breaking projects into smaller manageable plans, and using the plans as dynamic documents. As the organisation becomes more experienced in project management, they can work towards establishing a standard or so called ‘best practice’.

Traditionally project success was measured in terms of meeting its objectives within the agreed budget and timeframe (Fortune & White, 2006:53-65). The organisation can enhance this measurement by developing a simple audit tool to audit the outcome of the project against the standard. This will allow the organisation to measure themselves against ‘best practice’ and other divisions within the organisation whilst identifying areas that require improvement. The organisation can support these efforts by focusing on improving communication within the organisation with regards to the perceived and actual benefits of project management. In addition, showing the results from project management quickly is seen as one of the best motivators for change (Blichfeldt & Eskerod, 2008: 357- 365). If management and project teams can see that applying standardised project management to coordinate change yields significant benefits, they will be more receptive to use the methodology.

Projects are often characterised by a lack of motivation, as people sometimes see projects not as a means to assist them, but rather as a mandatory process, serving little purpose (Wojciak, 1997:26-30). According to Loo (2003:29-36) this obstacle can be overcome by building confidence through better and more effective communication. As people are better informed, they become more involved and committed to the process and ultimately better motivated, and start to lead by example.

In conclusion the findings of Milosevic and Patanakul (2005:182-193) identify standardised project management tools, standardised project leadership and standardised project management process as the three critical factors of interest when measuring project success. The Project Management Body of Knowledge (PMBOK) guide reviewed earlier in this chapter discusses standardised project management on more than fifteen occasions according to Milosevic and Patanakul (2005:190), placing a strong emphasis on standardised tools and processes, but ignoring other standardised project management factors. OPM3, another standard from the Project Management Institute discusses standardised project management in depth, suggesting that standardisation as the first step in the implementation of all processes in project portfolio management (Project Management Institute, 2004).

2.4 PROJECT MANAGEMENT EFFECTIVENESS

According to Hyvari (2006:217), project management effectiveness in organisations is determined by the following:

- ***Organisational structures*** from the project organisation to the classical functional organisation have been presented in PMBOK. Matrix organisations are a blend of functional and project orientated organisations. Matrix organisations are defined by Belout and Gauvereau (2004:1-11) as functional, balanced and project matrix organisations. PMBOK has named these Matrix types as weak, balanced and strong matrices. Most modern organisations, as is the case with Investec Securities, include all of these structures at various levels in the organisation. In any organisational form it is important for project managers to interact continuously with senior management to ensure that projects remain effective. It has however been observed that efficiencies provided by the matrix structure might be negated by the lack of job satisfaction experienced by the functional manager (Laslo & Goldberg, 2008: 773-788). The matrix organisational form, as is the case with Investec Securities, is the most dominant, and prior research in this field has concluded that more research is needed on the social and human issues linked to such a structure (Gerladi *et al.*, 2008:586-589).

Organisations established Project Management Offices (PMO's) which specialise in managing projects more effectively. The PMO is a department established to support the project manager in carrying out his or her duties. The project team is a combination of the PMO and the functional employees that are assigned to the project. In larger projects organisations tend to involve personnel on a permanent basis to a project to contribute to the success of the project.

- The second theme in project management effectiveness is ***leadership****.* Leadership can be defined as a process of influencing others so that they understand and agree about what needs to be done and how it can be done effectively, and a process of facilitating individual and collective efforts to accomplish shared objectives (Bommer *et al.*, 2004:195-210). The most common measure of leadership effectiveness is the extent to which a leader's organisational unit performs its task successfully and achieve its objectives.

- The third theme in project management effectiveness is the ***characteristics of an effective project manager***. Respondents in a study conducted by Zimmerer and Yasin (1998:31-38) were asked via open-ended questions about the factors contributing to an effective project and project manager. It was found that positive leadership contributed almost 76% to the success of projects. Negative leadership contributed 67% to the failure of projects. Procaccino et al. (2005:194-203) supported the notion that successful projects are managed by individuals that have a blend of technical and management knowledge, but also leadership skills that are aligned with the motivation of the project team, and externally aligned with client focus strategies. An effective project manager is seen to be decisive, a good communicator and a good motivator. According to Muller and Turner (2007:21-32) the most important attributes of an effective project manager are leading by example, being technically competent and being a visionary.

- The fourth theme in project management effectiveness is ***technical competency***. Technical competency means the competency to use project management tools and methods to carry out projects (Fox & Spence, 1998:20-27). A survey of the PMI members in the USA shows that most project management professionals rely heavily on project management software (Pollack-Johnson & Liberatore, 1998:19-28). According to Payne (1995:163-168), up to 90%, by value, of all projects are carried out in a multi-project context. A project management tool therefore needs to be able to deal with time and capacity simultaneously. Earned value is a quantitative approach to measure the actual performance of a project in terms of cost and schedule deviation. If an organisation can effectively integrate this tool into their procurement, timekeeping and information systems, it can add great value in measuring and reporting true project performance, according to Brandon (1998:11-18).

In a study conducted by Hyvari (2006:216-225), the findings on project effectiveness concluded that the matrix structure was by far the most widely used project structure amongst the organisations included in the study. Respondents felt that the project team was the most effective structure and the project matrix the second most effective. Hyvari (2006:216-225) also found that project managers needs leadership skills in order to complete projects successfully. Finally, it appears from prior research (Belout & Gauvereau, 2004:1-11; Brandon, 1998:11-18) that effective project management is dependent upon planning, networking and communicating.

2.5 CONCLUSION

There are a number of approaches, methods and activities organisations can use in approving their effectiveness in project management. The key success factors identified as drivers for successful project management presented in this chapter goes a long way to delivering a greater benefit to the organisation using standardised project management to achieve operational and strategic business initiatives. It is however recommended that an organisation assumes a holistic approach to project management when using the discipline to support their strategic initiatives. Applying the principle of focusing on the few important key project factors will help to ensure more effective project management.

In the next chapter, using project management as a key tool to implement business strategy are explored. This is followed by an examination of the two-way influence between project management and business strategy and the methods of aligning project management with business strategy. Lastly, the concept of competitive advantage will be explored.

CHAPTER 3

PROJECT MANAGEMENT AND STRATEGIC INITIATIVES INTERSECT

3.1 INTRODUCTION

In the previous chapter it was determined that implementing standardised project management methodology, approaches, tools and techniques goes a long way towards ensuring effective project management within the business organisation. There is a growing need for business organisations to measure their project performance using the key project management success factors identified in the literature review presented in chapter two. This enables the organisation to get greater value from the project management process and to focus their project management efforts to meet the objectives set for the portfolio of projects by the strategic initiatives formulated by the senior management of the organisation.

In this chapter the use of project management as key tool to implement business strategy will be explored. This is followed by an examination of the two-way influence between project management and business strategy and the methods of aligning project management with the strategic initiatives of the organisation. Lastly, a model for implementing business strategy through project portfolio management, managing strategic initiatives through multiple projects and the concept of competitive advantage will be explored.

3.2 PROJECT MANAGEMENT AS A KEY TOOL TO IMPLEMENT STRATEGY

There is a growing demand for project management skills as a result of the projectisation of organisations. Project management is being viewed as a new form of general management which allows organisations to integrate, plan and control schedule-intensive and one-of-a-kind initiatives to improve the overall organisational performance (Kloppenborg & Opfer, 2002:3-29; Pant & Baroudi, 2008:124-128).

In addition Longman and Mullins (2004:25) identified several essential conditions for project success exists. Organisations that perform poorly against any one of these conditions, place their organisational strategy at risk, irrespective of how well their strategy is formulated. Some of the essential conditions for project success are briefly discussed in the following section.

- **Make a compelling business case for project management**

To support project success it is imperative that project leaders and their management communicate to the project team members the value the project is expected to add to the organisation upon successful completion, including how the project will directly advance strategic and operational initiatives and objectives. In addition, it also needs to be communicated to team members from the outset, what measures and standards that will be applied to judge project success throughout the project management process. Successful communication needs to be focused and timing is of crucial importance (Meredith & Mantel, 2006: 140-142).

It is also necessary to sell the value of the project management process to all stakeholders involved with the project. According to Longman and

Mullins (2004:55) one way to demonstrate the importance and benefits of following a standardised approach to project management is to compare the results of past projects, those that followed the standardised methodology against those that followed an informal process, and to make the findings public within the organisation. This is easily achieved by means of analysing the project documentation available from past projects, in terms of cost savings, delivery times and the quality of product or service provided by the projects.

- **Make project management practical, relevant and beneficial**

According to Spradlin and Kutolowski (1999:26-32) it is important that sound judgement from project managers drives the application of effective project tools and techniques. A primary role of the project manager is to guide the use of standardised project management concepts so that they assist the team's progress rather than be an obstacle to the team. To ensure an effective project management process, it is necessary for team members to understand the intent of the project management concepts and tools to know how much of each to apply, following a realistic and practical process.

- **Make systems and procedures user-friendly**

Ideally, the process for conceptualising, approving, initiating, implementing, and finalising projects is documented and visible. It is also supported by procedures, forms, workflows and structure that eliminate ambiguity surrounding the project management process. Communicating the rationale behind project definition, planning and execution is fundamental to the successful implementation of project management. Explaining the reasons behind every project management procedure, and testing the understanding, is crucial to project management success (Longman & Mullins, 2004:57; Bridges, 1999:45-54).

- **Make project management a win for team members and managers**

The project management process needs to be an improvement on previous work methods, to ensure that people involved in the process do not fall back into their old comfortable working ways, characterised by following the path of least resistance. In addition, people require positive reinforcement, in the form of rewards and recognition for the successful implementation of project management concepts.

- **Trumpet success**

Continued success often requires going back to the reasons an organisation felt the need to improve their project management practices. This requires a review of the degree to which the projects are supporting the strategic and operational initiatives, investigate where there might still be a gap in the standards applied, the extent to which strategy and objectives evolve and change in the organisation, and how the current project management approach can be improved (Longman & Mullins, 2004:58).

Making the answers to the above mentioned public by means of effective communication makes it clear that the organisation is serious about project management and reinforces the concepts. To achieve conditions for project success, senior management needs to ensure that each of the following elements are aligned and integrated into a single framework for project management (Crawford, 2005:7-16).

According to Meredith and Mantel (2006:20-22) the organisation's *strategy* should set the boundaries for projects. It is important for senior management to provide answers to the following questions before initiating a new project: What is the organisation's product or services? Who are their targets, markets and customers? What is the organisation's competitive advantage? How will the particular project support the organisation's strategic initiatives?

The most effective project organisations have a clear, well-communicated strategy and are aware of how each project supports it. Implementing effective project management includes the evaluation of every project for its fit with strategy before initiation of the actual project management process. As each proposed project is reviewed senior management has to determine how a particular project supports the drive for business development in the organisation. How the project is related to the core competencies of the organisation, as well as the cost constraints, financial and growth expectations of the organisation in the future needs to be taken into account during the evaluation process. If there are any doubts on any of the above mentioned elements, this has to be communicated to the supporters of the project before any more resources are expended (Longman & Mullins, 2004:58; Archer & Ghasemzadeh, 1999:207-238).

According to Clarke (1999:140), effective project organisations are aware of the operational *objectives or goals* that influence the organisation's business strategy, and ensure that these are kept visible to all stakeholders involved in the project. Short-and long term objectives of the organisation needs to be communicated to the project team members at the start of the project, to illustrate how the project supports and fits in with the strategic direction of senior management. These include strategic fit with objectives relating to revenue, profit margins, costs, cash flow, increasing market share, time to market, innovation and more. Once the project is approved and under way, progress made against these objectives needs to measured and communicated on an ongoing basis.

The *business processes* used within the organisation must support project work through effective gathering, analysing and dissemination of information. Systems need to provide project managers with timely and relevant data. Longman and Mullins (2004:59) state that the best way to integrate and align new systems and procedures into the business life of the organisation is to make them relevant to the way business is conducted, which means they must prove value added to the organisation.

The *culture of the organisation* is of utmost importance in the pursuit of effective project management, according to Kendra and Taplin (2004:30-45). An organisation needs to demonstrate a visible commitment to sound project management to ensure that it doesn't get viewed as just another operational function within the organisation. Longman and Mullins (2004:60) argue that the successful implementation of project management depends on the organisations firm belief that project management is equally important as the project achievements.

In the modern business environment, competitive advantage must be achieved from everything the organisation embark on, including the projects they decide to undertake. This means that superior project management skills and processes, combined with innovation can create a distinctive competitive advantage for the organisation. It is necessary for senior management to benchmark the organisation's project management capabilities against those of its competitors on a regular basis to identify potential areas of improvement and investments that have to make in this area to avoid falling behind.

In conclusion Longman and Mullins (2004:60) state that project management requires deliberate planning and action to create conditions favourable for achieving success and installing strategy, leadership, objectives, processes, systems and structure to direct and take advantage of the dynamic nature of project work. This will empower the organisation to meet the challenges the face on an operational and strategic level.

3.3 THE IMPLEMENTATION FRAMEWORK: ENRICHING PROJECT MANAGEMENT

There has been an increasing interest in project management as a vehicle for strategy implementation. This led to significant advances in understanding how strategy can be more effectively implemented, and what project management can and should stand for (Thiry & Deguire, 2007:649-658).

Project management's core concern is to deliver a specific result in a particular time and at a particular cost. Traditional project management focuses on deliverables, scheduling and co-ordinating tasks, and on mobilising resources. In principle traditional project management dealt with task-based issues, as apposed to the 'softer', less tangible factors (Anderson & Merna, 2003:387-393).

In more cases project management is being applied outside its core domain of improving the 'competitive hardware' of an organisation to their 'competitive software', and to the process of implementing strategic change (Grundy, 1998:43). Grundy explores how strategy implementation and project management can inform and influence each other by means of an implementation framework referred to as 'enriching project management', explored as follows:

- project definition;
- project diagnosis;
- project planning and implementation; and
- stakeholder analysis.

Grundy (1998:44) states that strategy implementation projects should be defined with much more focus than is usually the case, but also providing for some latitude in terms of fluidity of scope and focus within the project definition. Strategy implementation projects need to managed and refined on a continuous basis. Project management has to come to terms with greater fluidity and ambiguity, just as strategic management had to in the recent past. The notions of 'deliberate' and 'emergent' strategy in strategic management can be applied in an extended manner to strategic management, and project management (Mintzberg, 1994:25-38).

Grundy (1998:45) further explains that project strategy may start off as deliberate but quickly move through phases of being emergent, submergent, emergency and even detergent mode. These phases are characterised as follows:

- *Deliberate strategy* is where the project comprises of well-defined end goals, and specific means of achieving these goals or objectives.

- *Emergent strategy* is where the project's end goals, and intermediate goals are fluid, and in addition the means of achieving these goals are can change in new and sometimes unexpected ways.

- *Submergent strategy* is a phase where the project is losing its direction and the original goals seem unrealisable and very distant. In addition, project activities start to fragment.

- *Emergency strategy* refers to a state where the project is distinctly fragmenting into near-random activities and it appears the project is driven by events not strategic objectives or goals.

- *Detergent strategy* is where the project is recognised as being off its original course, and is now being managed or directed back onto its original plan of action or an entirely new direction.

The so-called strategy cycle is not intended to be a deterministic series of phases destined to always move around clock-wise. The projects may indeed alternate between deliberate and emergent modes as they are steered towards the target or goals.

Project definition raises the issue of how to evaluate and value projects. Project definition, according to Artto and Wikstrom (2005:343-353) may lead to unbundling the project activities within a strategic project set into discrete projects. It may even lead to the so called re-bundling of interlinked projects to create greater leverage and critical mass, to ultimately realise greater economic value. In addition project definition requires an intensive diagnosis process prior to detailed planning and commencing implementation. The diagnosis process assesses the underlying opportunity or threat which the project aims to address.

Project diagnosis can be greatly supported by implementation tools such as ‘root-cause’ analysis, which helps project managers to understand and analyse the underlying cause of a problem. Root-cause analysis is a tool imported from quality management literature, which according to Grundy (1998:47) is a major weakness of many organisations.

Another tool that can be used to create project plans is the 'From-To' analysis, which according to McElroy (1996:325-329) is a simplified approach to analysing how an organisation goes about doing things. The 'From-To' analysis focuses on some of the shifts an organisation is trying to achieve in progressing a strategy implementation project. It adds value through:

- focusing on concrete organisational outputs and changes in processes;
- illustrating in a much more enriching way the broader shifts implied by the project; and
- simultaneously analysing not only the 'to-be' process, but also the 'as-is' process.

Stakeholder analysis is another tools used for analysing strategy implementation projects. Stakeholder analysis is the systematic identification of key stakeholders and appraisal of their influence on, and posture towards implementation. It may also involve creating a strategy to reshape the influence of these or new stakeholders (Pollack, 2007:266-274).

In the implementation of stakeholder analysis, one firstly has to identify who you believe the key stakeholders are at any phase of the process. Secondly, evaluate the degree of influence the stakeholders have on the particular question or issue. Lastly determine if the stakeholders are in favour, against or neutral towards the project. This process will provide answers to the question of whether or not the project will easy to implement or a long and difficult process, or even a total impossibility.

After the initial analysis, managers can move onto the next phase which involves the following:

- the first step is to determine if new stakeholders can be involved to shift the balance or existing stakeholders be withdrawn;
- secondly, determine if it is possible to increase the influence of stakeholders who are currently in favour of change;
- thirdly, find a way to reduce the influence of stakeholders that are against the change; and
- aim to bring stakeholders that are currently against the change on board by giving them a meaningful role in the change process, or incorporating one of their main ideas into the project plan.

Where there are many or a large contingent of stakeholders involved in a particular project, it may be attractive to simplify or even re-formulate the project.

In conclusion, the various diagnosis tools and techniques can be integrated, although it is not always necessary to apply them all, and certainly not all at once (Grundy, 1998:50). Strategy implementation projects form an increasingly important application of project management, and Grundy's research brought together various tools and techniques from strategic management, value management and organisational behaviour to complement existing project management techniques. These techniques are particularly well suited to cross-functional projects and highlight that strategic management and project management both need to overcome the obstacles created by strategy implementation.

3.4 THE TWO-WAY INFLUENCE BETWEEN BUSINESS STRATEGY AND PROJECT MANAGEMENT

According to Srivannaboon and Milosevic (2006:493), the alignment of strategic priorities, often referred to as strategic consensus or strategic fit has become one of the central themes in strategic management literature over the recent years. In addition they state that one of the most prominent themes in alignment research is that of strategic initiatives across the organisational hierarchy at executive, business unit and functional levels. Literature suggests that strategic initiatives at the functional or operational level must be aligned with and support business-unit level strategies (Joshi, Kathuria & Porth, 2003:353-369). Often used as variables for examining alignment of functional strategies with business initiatives, are functions such as production, information technology and human resources. Project management is rarely recognised as a functional strategy, although project management is used in many organisations as the first step in building an organisational strategy (Jamieson & Morris, 2004:117-125).

Research conducted into the alignment of business strategy with project management include programme management by Lycett, Rassau & Danson (2004:289-299), project management strategy (Anderson & Merna, 2003:387-393), process for aligning project management with business strategy (Srivannaboon & Milosevic, 2006:493-505), the project business concept (Artto & Wikstrom, 2005:343-353), and strategic intensions through multiple projects (Artto & Dietrich, 2004:144-176).

The main reason for the focus on project management/business strategy alignment is the need for companies to develop and implement innovative business strategies to remain competitive. Projects are often selected as the vehicles to implement the chosen strategies, and project management is recognised as an important business process, with companies striving to ensure that projects are executed fully in line with the strategies they support. The project management/business strategy alignment helps companies to focus on the right projects, given the objectives of the business strategy (Morris & Jamieson, 2004:228). Such alignments are very challenging because business strategy is not always well communicated or consistent with project management actions, which can lead to misalignment, resulting in the organisation losing potential market opportunities. According to Srivannaboon and Milosevic (2006:495) understanding the alignment may be one of the major challenges to effective project management.

3.4.1 Theoretical framework for alignment of project management and business strategy

Srivannaboon and Milosevic (2006:493-505) developed a theoretical framework for aligning project management with business strategy, using Porter's generic strategies as the foundation with which project management elements should be aligned with strategy. According to Porter (1980:41-52) to achieve a sustainable competitive advantage, an organisation's strategies need to be reinforced, and depending on the scope there are three generic strategies that can result: cost leadership, differentiation, and focus. Porter further argues, that generic strategies when an organisation chooses only one, enables the organisation to achieve competitive advantages and outperform their rivals. Selecting more than one strategy will however lead to the organisation underperforming and not functioning optimally. Increasing global competition has made a single combination of generic strategies increasingly popular with practitioners and researchers, and is commonly referred to as the best-cost strategy (Greenley *et al.*, 2004:163-182).

The three generic business strategies are briefly described below:

- *Cost leadership strategy*: The organisation seeks to gain a competitive advantage and increase market share by being the lowest cost producer in the industry (Porter, 1980:41-52).

- *Differentiation strategy*: The organisation pursues a differentiation strategy to place itself in a unique position that is desirable from a customer's perspective (e.g. fast time-to-market, superior quality and service or innovative features). This differentiation allows the organisation to charge a premium price (Porter, 1980:41-52).

- *Best-cost strategy*: A combination of differentiation and low-cost may be necessary to create a sustainable competitive advantage by addressing customer values and providing low cost products (Miller & Dess, 1993:553-585).

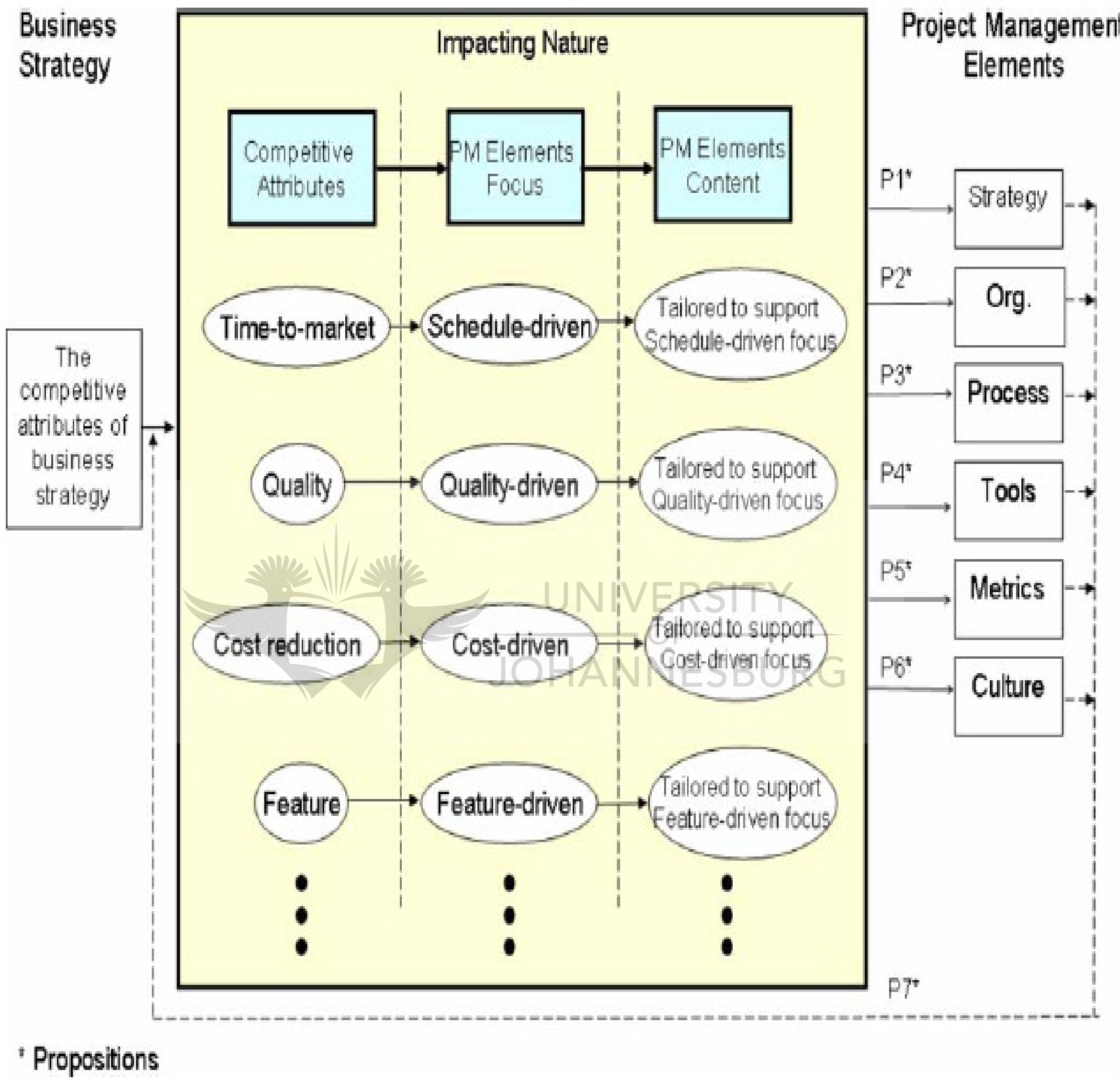
Project management is a specialised form of management, similar to other functional strategies that are used to accomplish business strategies and initiatives. The essence of project management is to support the execution of an organisation's competitive strategy and to deliver a desired outcome (Shenhar, 1999:382). In addition project management elements that should be aligned with business strategy are; project strategy, project organisation, process, tools, metrics, and culture.

Literature on aligning project management with business strategy is vague, according to Srivannaboon and Milosevic (2006:495). Most studies link business strategy with project management through project selection, and see that as part of the alignment process (Englund & Graham, 1999:55-64). Srivannaboon and Millosevic (2006:496) examine a process for aligning project management with business strategies using mediating processes that a company develops as mechanisms to ensure proper alignment. Similarly, Jamieson and Morris (2004:117-120) suggest that most of the components of the strategic planning process have strong links to the project management processes, and therefore strongly influences the intended business strategy.

To construct a theoretical framework for the configuration of project management elements, influenced by business strategy, Srivannaboon and Milosevic (2006:493-505) used seven propositions to connect the business strategy and each of the project management elements, and vice versa. The seven propositions as illustrated in figure 3.1 are as follows:

- Proposition 1. The competitive attributes of the business strategy drive the focus and content of the project strategy.
- Proposition 2. The competitive attributes of the business strategy drive the focus and content of the project organisation.
- Proposition 3. The competitive attributes of the business strategy drive the focus and content of the project process.
- Proposition 4. The competitive attributes of the business strategy drive the focus and content of the project tools.
- Proposition 5. The competitive attributes of the business strategy drive the focus and content of the project metrics.
- Proposition 6. The competitive attributes of the business strategy drive the focus and content of the project culture.
- Proposition 7. Project management elements may impact the business strategy based on the operating conditions of reviewed projects.

Figure 3.1 A theoretical framework for aligning project management with business strategy



Source: Adapted from Srivannaboon and Milosevic (2006:500).

The framework satisfies the major characteristics of a theoretical framework as stated by Torraco (2002:355-376), which includes variables of analysis, laws of their interaction, system boundaries and propositions.

- Variables of anaylsis: The variables of analysis comprise of two major elements, namely: business strategies (differentiation, cost leadership, and best- cost), and the project management elements (project strategy, organisation, process, tools, metrics, and culture).

- Laws of their interaction: The interaction can be seen as a two-way influence of business strategy on the project management elements.

- System boundaries: The boundary of the framework is the organisational business unit or the divisions supporting it.

- Propositions: The propositions explain the interactions of each project management element with the business strategies.

Srivannaboon and Milosevic (2006:500) argue that an organisation makes its strategic choice by selecting competitive attributes that are advantageous to the organisation and it's positioning within its competitive environment. These attributes determine the manner and methods used to drive projects in terms of their focus and content. For example if the competitive attribute of time-to-market is chosen, the focus of the project elements (strategy, organisation, process, tools, metrics and culture) is to achieve the time-to-market competitive attribute. This focus can be defined as "schedule driven" focus. In addition, the content of project management elements (strategy, organisation, process, tools, metrics, and culture) is also constructed to support the schedule driven focus.

Eisenhardt and Martin (2000:1105-1121) state that there are infinite combinations of competitive attributes that organisations can apply as a source of advantage over their competitors, as well as unlimited options for constructing project management elements to support those competitive attributes. This should eventually lead to a single proposition that correctly describes the interaction of the business strategy and the project management elements in the most generic terms. Srivannaboon and Milosevic (2006:501) defined this generic proposition as follows: the competitive attributes of the business strategy drive the focus and content of the project management elements.

Below is a summary of the project management configurations which an organisation should consider based upon the propositions of Srivannaboon and Milosevic (2006:502), after analysing the patterns of Porter's generic business strategies (1980:41-52) in relation to the project management elements.

3.4.1.1 Differentiation strategy

In general the differentiation strategy should be related to the organisation's competitive attributes and clearly communicated to the project teams (Srivannaboon & Milosevic, 2006:501).

- project strategy – have clear product and project definitions that are based on the competitive attributes of the organisation;
- project organisation – build a flexible organisational structure to help to facilitate the competitive attributes;
- project process – build a flexible process that aims to facilitate the competitive attributes;
- project tools – focus on particular tools that help to achieve the competitive attributes;
- project metrics – focus on a particular metrics that helps to accomplish the competitive attributes; and
- project culture – build a project culture that facilitates the competitive attributes (reward speed and quality).

3.4.1.2 Cost leadership strategy

The general rules for a cost leadership strategy should be based on cost conservatism and clearly communicated to the project teams (Srivannaboon & Milosevic, 2006:501).

- project strategy – have clear product and project definitions that are based on the cost reduction goals of the organisation;
- project organisation – build a flexible organisational structure that can easily adapt to changes in process improvements resulting from cost reduction goals;
- project process – build a standard and build-on template process to reduce variation and cost;
- project tools – focus on schedule and cost tools with the aim to reduce cost;
- project metrics – focus on schedule and cost metrics with the aim to reduce cost; and
- project culture – build a project culture that is driven by cost reduction goals (reward cost efficiency).

3.4.1.3 Best-cost strategy

Finally, the general rules for a best-cost strategy should focus on the organisation's competitive attributes, whilst keeping costs to a minimum (Srivannaboon & Milosevic, 2006:501).

- project strategy – have clear product and project definitions that are based on a particular level of quality with the minimum cost;
- project organisation – build a flexible organisational structure that helps facilitate the project team to achieve a particular level of quality with the minimum cost;

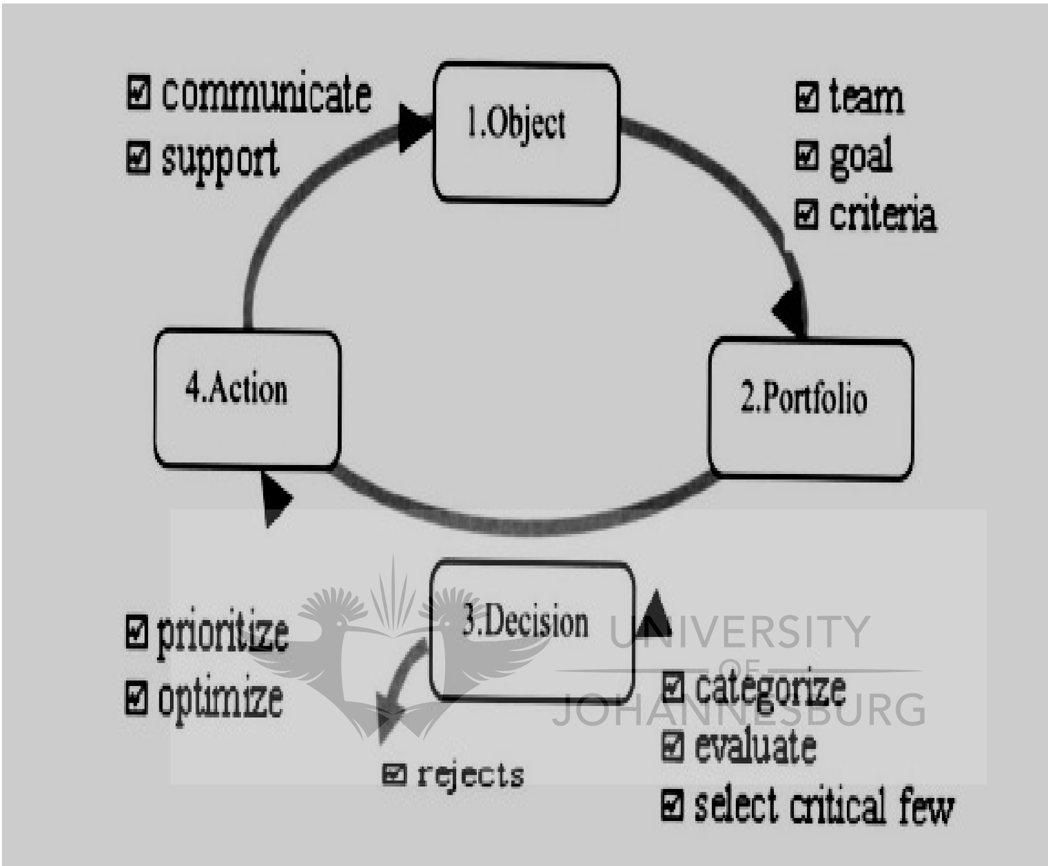
- project process – build a standard and build-on template, with a flexible process (providing room for improvement) with the aim of achieving a particular level of quality with the minimum cost;
- project tools – equally focus on scope/performance, schedule, and cost tools;
- project metrics – equally focus on scope/performance, schedule and cost metrics; and
- project culture – build a project culture that facilitates the project team's achieving a particular level of quality with the minimum costs (reward quality and cost efficiency).

In conclusion, the generic propositions of Srivannaboon and Milosevic (2006:500-505) imply that different business strategies require different focus and content of project management elements. It is therefore necessary for organisations to realise their business strategies and identify appropriate project management configurations that match their business strategies.

3.5 A MODEL FOR IMPLEMENTING BUSINESS STRATEGY THROUGH PROJECT PORTFOLIO MANAGEMENT

Lan-ying and Yong-dong (2007:240) presented a model for implementing business strategy by means of project portfolio management (PPM). According to the authors once an appropriate business strategy is formed, the senior management team needs to find an approach to translate the strategy into projects. The model consists of four interrelated phases, namely: object, portfolio, decision, and action. The main contents include five elements, which are: categorise, evaluate, select, prioritise, and optimise projects, as seen in figure 3.6.

Figure 3.2 Model for translating business strategy into projects by Project portfolio management.



Source: Adapted from Lan-ying and Yong-dong (2007:240).

3.5.1 The object phase

The first step in the object phase is to identify who will be on the management team and who will be responsible for leading the process. The team may consist only of senior managers, but could also include a project manager, a general manager, and possibly a customer. It is necessary to ensure representation of individuals or groups that are best suited to identify and deal with key opportunities and risks facing the organisation. Ideally they are empowered to control scarce resources and make critical decisions (Lan-ying & Yong-dong, 2007:241).

The next step is for the team to articulate and develop the objectives and goals expected from the projects. The focus at this stage is around issues such as organisational purpose, vision and mission. This is seen as a critical step in determining if the rest of the project selection process can be successful.

The final step in the object phase is to set criteria that can measure how the projects support the organisational strategy and objectives. The team also has to establish the relative importance among the criteria, which suggest assigning a weighting factor for each criterion. This process helps to eliminate some projects early on to allow the prioritisation exercise to focus on fewer projects (Lan-ying & Yong-dong (2007:241).

3.5.2 The portfolio phase

The first step in the portfolio phase is to arrange the projects into categories that will facilitate an easier decision-making process at a later stage. In addition, it allows the team to have a better realisation of the business the organisation is in, and to focus efforts on selecting the best projects within each category. Evaristo and Van Fenema (1999:275-281) propose a categorisation of project management forms. They suggested may have to be developed to deal with the added complexity embedded in each project. Krishnan and Ulrich (2001:1-21) suggested using grids where the axes are the extent of product change and the extent of process change to create three categories, i.e. enhancements, platform, and breakthrough. The benefit of this exercise is the ability to view all projects and possible projects holistically, allowing the team to monitor for completeness, possible shortcomings, opportunities and compliance with business strategy.

The next step in this phase is to evaluate the projects in each category by implementing suitable measuring methods, which consists of the evaluation index system. The method of measurement should be pre-determined according to Lan-ying and Yong-dong (2007:242). The final step in the portfolio phase is to screen many possible projects to determine the critical few. Englund and Graham (1999:52-64) presented a funnelling process to eliminate projects from the critical few the organisation can realistically complete.

3.5.3 The decision phase

Kerzner (2001:355) presented a matrix method to prioritise projects on a strategic level. This method evaluates each potential project according to its strengths, weaknesses, opportunities and risks. The priorities can then be used in a benefit-to-cost determination to decide which projects to select.

3.5.4 The action phase

The first step is for the management team to convince others in the organisation to use the portfolio plan to guide people who have the responsibility for planning, making decisions, and executing projects. The senior management that form part of the team needs to enforce the plan by fully committing resources to the selected projects, which becomes easier to do with less projects taking place simultaneously. Senior management should also use the plan to identify opportunities for cross-leveraging projects or possible process re-engineering. In addition, the team should match people's skills to use their strengths to the optimal benefit of the individual and the organisation (Lan-ying & Yong-dong, 2007:243).

Finally the team should establish a project management office to maintain and administer the programme in a central location. The purpose of the project management office is to ensure that the portfolio plan is accessible to all staff involved in projects, and that the process, tasks and results are widely communicated within the organisation.

3.6 SUCCESSFUL MANAGEMENT OF STRATEGIC INITIATIVES THROUGH MULTIPLE PROJECTS

Projects and project management serve as primary capabilities of an organisation to react to change and thereby maintain a competitive advantage (Dietrich & Lehtonen, 2005:386). According to Cleland (1999:3-22) projects may be considered as building blocks in the design and execution of future strategies of the organisation. In addition, the managerial focus of organisations has moved towards the simultaneous management of the whole collection of projects as one large entity, and towards the effective linking of the set of projects to the ultimate business objectives (Artto & Dietrich, 2004:144-176).

Most models and frameworks presented in the literature are theoretical constructions to solve or depict managerial problems with multiple projects. Excluding studies performed by Cooper *et al*. (2001:26-31) and Loch (2000:146-258), current literature lacks empirical evidence on the functionality of different management approaches, formal or informal. In addition, the described models are often context-related, and present local solutions to related problems (Dietrich & Lehtonen, 2005:387).

Dietrich and Lehtonen (2005:386-391) consequently aimed in their study to identify the factors correlating with success in managing strategic initiatives through multiple projects.

3.6.1 Successful management from a strategic perspective

In the project context success is often expressed through success criteria and success factors. Success criteria refer to the measures by which success or failure of a project or business will be judged. Success factors are defined as those inputs to the management system that lead directly or indirectly to the success of the project or business (Cooke-Davies, 2002:185-190). Success is regularly measured through criteria that focus on the effectiveness in managing single projects, and the fact that projects have links with organisational strategy and other projects are ignored. Project success should be interpreted as a multifaceted strategic concept that goes beyond meeting budget and time constraints (Shenhar *et al.*, 2001:699-725). Thus, the success of projects should be measured according to their contribution towards the organisation's strategy.

According to Porter (1987:43-59) from a strategy perspective success is evaluated through the achievement of a sustainable competitive advantage. Various theories such as resource-based view of the organisation (Priem & Butler, 2001:22-28), organisational capabilities (Eisenhardt & Martin, 2000:1105-1120) and competencies and learning in the organisation (Benner & Tushman, 2003:238-256), are proposed to explain the sources of competitive advantage in the organisation. These perspectives argue that strategic success is dependant on environmental and intra-organisational factors, such as organisational culture, knowledge, and organisational learning (Burgelman, 2002:325-357).

Dietrich and Lehtonen (2005:387) argue that organisational success in managing strategic initiatives refer to the ability of the organisation to manage its compliance to intended strategies. In essence they conceptualise the success in managing strategic initiatives to refer to how well the objectives of the efforts put in place to achieve changes are in line with the guidelines of the intended strategy. In addition they choose to measure the success in managing strategic initiatives via multiple projects by examining to what extent:

- the objectives of the projects are aligned with the strategy of the firm;
- the resource allocation to the projects is aligned with the strategy of the organisation; and
- the current portfolio of projects implement the strategy of the firm.

3.6.2 Managing successfully in a multi-project environment

According to Levine (1999:39-44) single projects have to be managed well to get the most out of the group of projects. Systematic and purposeful evaluation of projects has been observed to lead to better results (Cooper *et al.*, (2001:26-31). In more cases literature proposes flexible management processes combined with defined rules and procedures as a source of success with multiple projects. Others report that the implementation of specific tools and methods are highly correlated with superior performance in multi-project management (Archer & Ghasemzadeh, 1999:207-238).

Several authors have documented the importance of linking projects and project management to strategy, and proposed different models on how the management process can be integrated with the organisational strategy (Bridges, 1999:45-54) and (Englund & Graham, 1999:52-64). Finally, management in multi-project environments involve many decisions, and the quality of the decisions is dependant on the quality of the information the decision maker has (Dietrich & Lehtonen, 2005:389).

Based on the information presented in the literature, Dietrich and Lehtonen (2005:390) propose that success in managing strategic initiatives through multiple projects is dependent on:

- single project characteristics and activities;
- multi-project characteristics and activities;
- availability of quality project information; and
- the strength of the link between the projects and the strategy process.

3.6.2.1 Single project characteristics and activities

According to Bridges (1999:45-54) organisations that are the most effective in managing their strategic initiatives through multiple project management employ a standardised project management process, and use it in as many projects as possible. In conjunction with the standardised project management process the organisations apply formal decision making processes related to the initiation of the project's execution phase, and project's close out phase. Bridges (1999:52) does however mention that in some organisations more informal and unstructured decision making activities may be more suitable during the initial project phases including the project idea generation and project initiation phases. Finally, successful organisations also have a flexible enough management style to accommodate different types of projects, and this is well communicated within the organisation.

3.6.2.2 Multi-project characteristics and activities

In addition, Dietrich and Lehtonen (2005:391) and Bridges (1999:53) propose that the most successful organisations arrange the most of their development projects into programmes. These organisations also tend to evaluate and compare their project ideas consistently when selecting new projects to be implemented. Reviewing the set of projects as a combined entity correlates strongly with success. Finally, the flexibility of the multi-project management process and the regularity of reviews also correlate positively with success, therefore some form of order is required in the process.

3.6.2.3 Availability of quality project information

The quality of the information decision makers have at their disposal are strongly related to the success of management. This includes the availability, relevance and validity of the information, and supports the notion that high-quality information is a prerequisite for organisation who intend to manage their strategic initiatives successfully through multiple project management (Levine, 1999:39-44).

3.6.2.4 The linkage between projects and the strategy process

The results of the empirical study conducted by Dietrich and Lehtonen (2005:392) indicate that successful management in a multi-project environment is supported by regular reviews of the objectives of ongoing projects in linkage with strategy formulation. In addition, the management of project portfolios or programmes should be included as part of the strategy process for the organisation to be able to implement its strategies successfully.

3.7 PROGRAMME MANAGEMENT

Project management is a well-established approach for affecting a wide range of changes, and has become the chosen instrument for change in the information technology industry, particularly for well-defined system changes, and increasingly for carrying out strategic initiatives (Thiry, 2002:221-227). This widespread use projects to realise strategic change has also brought with it the need to direct project-base activity in some coherent and beneficial way. Lycett *et al*. (2004:286-299) advocated the use of the programme approach as a way of managing the interdependence between projects and the requirements to learn and react to changing circumstances synonymous with strategy implementation.

The term ‘programme’ has been widely used to describe the organising structure used to coordinate and direct related projects. This concept of a programme is not universal, and suggests that some project managers still view programmes as working schedules or quantity of work. This confusion is exacerbated by the view that in a multi-project environment the management of resource conflicts is the key challenge facing an organisation (Dooley *et al.*, 2005:466-482).

Programme management is not the same as multi-project management. The nature and practice of programme management is far more wide reaching than mere resource management, although scarce resource management is a key element of project management, according to Dooley *et al.* (2005:466-482).

Pellegrinelli (2002:229-233) states that a programme is a framework for grouping existing projects or defining new projects, and for focusing all the activities required to achieve a set of major benefits. These projects are managed in a coordinated way, either to achieve a common goal, or to extract benefits, which would otherwise not be realised if they were managed independently. Programmes differ from projects, as they do not have a single, clearly defined deliverable, or a finite time horison (Partington *et al*., 2005:87-95).

3.7.1 Programme management benefits

Programmes can add value by improving on the management of projects in isolation, especially where the working environment is made up of numerous small projects, and where project integration is crucial to competitive success (Pellegrinelli, 2002: 229-233). The advantages using programmes are:

- greater visibility of projects to senior management, and more comprehensive reporting of progress, while project reporting systems focus on performance against plan, programme reporting addresses strategic performance by tracking progress relative to competitors (Lycett, Rassau & Danson, 2004:289-299). Partington *et al*. (2005:87-95) states that programme management allows senior management to monitor, guide and control the implementation process by creating two specific roles, that of a programme client and programme manager. The programme client, normally a senior manager, has overall responsibility for the programme and all the projects inside the programme. The programme manager is responsible for the interfaces between the projects within the programme, and reports directly to the programme client;

- improved prioritisation of projects. Each project's role within the organisation's overall development is specifically identified and managed, and resources can be more easily re-allocated to critical projects (Pellegrinelli, 2002:229-233);

- more efficient and appropriate use of resources, as dedicated resources which tend to be more productive, can become cost-effective within a programme context (Partington *et al.*, 2005:87-95);

- improved planning and coordination, as incidence of work backlogs and duplication of core functionality and components can be reduced; and

- an explicit recognition and understanding dependencies, as programme management creates a structured framework for the strategic change process, identifying critical elements and a complete set of actions is specified and assigned without crucial interfaces such as dependencies on other projects being overlooked (Maylor *et al.*, 2006:663-674).

3.7.2 Translating strategic change into projects through programmes

Programmes can act as a link between projects and strategy, providing a structure to manage the process thereby increasing the chances of successful implementation (Maylor *et al.*, 2006:663-674). Well defined and constructed programmes have a number of characteristics synonymous with strategic change, as stated below:

- **Provide a mechanism for the classification and prioritisation of projects**

The mechanism assists senior management in determining the type of projects undertaken and the overall progress to date. Using the mechanism senior management can influence the rate of progress of the programmes by adjusting the priority and resource levels. In addition, the programme structure itself helps in deciding relative priorities and the logical sequence of projects (Lester, 2007:9-11).

- **Identify the prominent linkages and interdependencies between projects**

The programme structure evaluates existing and potential projects, to identify critical dimensions for strategic change and groups the projects accordingly. These dimensions may relate to product and service markets, scarce resources, specific initiatives or customer needs and expectations, amongst others. The managerial focus turns towards a careful analysis of the interdependencies between the projects within the programme rather than the outcome of the individual projects themselves (Lester, 2007:9-11).

- **Allow projects to be assimilated on an incremental basis**

According to Lerouge and Davis (1999:74) programmes incrementally absorb 'bottom-up' projects. In absence of a programme framework, the many project proposals submitted by line-managers to meet their needs, objectives or opportunities, will be evaluated in isolation, causing many projects to just move up-and-down the priority list. This generates a random collection of projects, unlikely to generate the achievement of strategic objectives or initiatives.

In conclusion, McElroy (1996:330) argues that project managers have to understand cultural change, to ensure that programmes and projects incorporate the elements necessary to make meaningful changes to the way an organisation undertakes its operations. In addition, there is a need to manage the 'soft' projects including the human factors, not only to differentiate them form the 'hard' projects, but also to develop approaches that will align their respective success rates. Finally, programme management must develop the ability to link projects to ensure that they produce a result greater than the total sum of their parts.

3.8 SUSTAINABLE COMPETITIVE ADVANTAGE

The literature review will be concluded with an examination into the concept of sustainable competitive advantage, as the purpose of this study is to determine how project management and strategic initiatives intersect to create a possible sustainable competitive advantage to Investec Securities Limited.

Jugdev and Thomas (2002:4-11) stated that firms are in a race to create value and survive in the increasingly competitive marketplace. Organisations combine various organisational assets in unique ways to create value. In addition, value creation involves tangible assets, such as financial and physical ones, and intangible assets, such as organisational, and social assets (Brush, Greene, Hart & Haller, 2001:64-78).

Firms started to turn to project management as part of their competitive strategies. This is evident in the significant increase of membership in project management associations such as the Project Management Institute (PMI), and the billions of dollars invested in projects, along with more attention given to project management models, and quantifying the value of project management (Schlichter, 2000:39-40).

Investments are resource intensive, and therefore organisations only take a serious interest in practices that will enhance their positioning in the markets they compete in. It is in this context that project management is seen as a critical element in building value for the organisation, and it is therefore important to understand the link between project management and its ability as a strategic asset to create a sustainable competitive advantage (Jugdev & Thomas, 2002:4-11).

According to Barney and MacKey (2005:1-13) sustainable competitive advantage can be defined as follows: "A firm is said to have a sustainable competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these or other firms are unable to duplicate the benefits of this strategy."

Although lacking a formal definition, Grant (2002:114-135) contributed to the concept by proposing that in order to obtain a sustainable competitive advantage, customers must perceive a noticeable difference between a firm's product or service offering versus the offering of their competitors. This difference has to be due to some resource capability that the firm possesses than others don't. In addition Grant (2002:114-135) stated that the key is for the firm to be able to predict the actions of competitors in the industry over time, and matching the firm's resources to the gaps that exist in the industry, to create a competitive advantage. This competitive advantage will be sustainable if its competitors either can not or will not take action to close the gaps that exist.

Hoffman (2000:1-16) offers a formal conceptual definition of sustainable competitive advantage: "Sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy."

Barney and MacKey (2005:1-13) argued that not all firm resources hold the potential for a sustainable competitive advantage, instead they must have four attributes namely rareness, value, inability to be imitated, and inability to be substituted. Hoffman (2000:1-16) proposed that intangible resources may indeed be better suited than tangible ones to achieve a sustainable competitive advantage. To achieve a sustainable competitive advantage a firm needs to incorporate an external focus, also known as the environmental model, therefore the development of intangible assets external to the firm is critical for success. Market-based intangible assets can be classified into two types: relational and intellectual. Examples of relational market-based assets would be brand equity or a business-intimate relationship that allows a firm to collaborate with customers to produce a highly customised product. Examples of intellectual market-based assets are detailed knowledge that a firm's employees posses concerning their customer's needs and preferences.

Hoffman (2000:1-16) contends that firms may be successful in establishing a sustainable competitive advantage by combining skills and resources in unique and lasting ways. This will allow firms to focus on collectively learning how to coordinate employee's efforts to grow the firm's core competencies.

The external focus on customers and competitors in the modern highly competitive landscape has led to the creation of four strategies associated with the achievement of sustainable competitive advantage, namely:

- *Customer value* – Woodruff *et al.* (2002:102-117) suggests a customer value hierarchy in which firms strive to match their core competencies with customer's desired value from the product or service. Firms that provide superior customer value will be rewarded with superior performance and a sustainable competitive advantage.

- *Market orientation* - Woodruff *et al.* (2002:102-117) where there is an outward focus on the customers and the competitors. The organisation can form teams to that are empowered to respond to customer's requests and solve complicated problems that flow across functional areas. Market orientation employs intangible assets such as informational resources it can serve as a source of sustainable competitive advantage.

- *Relationship marketing* – Woodruff *et al.* (2002:102-117) the focus is on building a long term relationship with customers. Resources such as loyalty and reputation are immovable and cannot be purchased, therefore creating the ability for a sustainable competitive advantage.

- *Business networks* – the focus is on building networks that consist of multiple relationships, with every participating firm gaining the resources required to build their core competencies and achieve a sustainable competitive advantage.

According to Porter (1991:101) a successful firm is one with an attractive relative position, created by the firm's possession of a sustainable competitive advantage over its competitors. Competitive advantage can be separated into two basic types: lower cost than competitors or the ability to differentiate and command a premium price that exceeds the additional cost of doing so. Any extraordinary performing firm has achieved one type of advantage or both. Competitive advantage has to be examined in conjunction with competitive scope. Scope refers to the variety of product and segments served, the geographical locations in which the firm competes, and the extent of related businesses in which the firm has a coordinated strategy. Therefore the choice of scope is central in strategy formulation (Porter 1991:102).

Finally, Iversen (2002) proposed that one way of achieving a sustainable competitive advantage is through generating and exploiting synergies between different assets, activities and processes of the organisation, because asset sharing and complementarities allow assets to be used more efficiently.

In conclusion the business environment is hugely competitive and organisations cannot function in isolation if they are to survive in this highly networked environment. Organisations therefore need to develop and implement dynamic strategies build upon their core competencies that are in turn based upon rare, valuable and non-substitutable intangible assets. To ensure that the chosen strategy creates a sustainable competitive advantage, the organisation needs to support its strategy by continuously searching for synergies amongst its assets and processes.

Project management can play a crucial role in achieving the synergies required between tangible and intangible assets of the organisation, as well as processes within the organisation to create a sustainable competitive advantage that will improve its competitive positioning in the market.

3.9 CONCLUSION

The chapter reviewed various techniques, models and frameworks published in past literature, that strive to effectively integrate an organisation's strategic, business and project management initiatives and objectives. The primary objective for an organisation is to develop a sustainable competitive advantage through the effectively combining project management with strategy. This can be achieved through the creation and implementation of dynamic strategies based on the organisation's core competencies, supported by a continuous search for synergies amongst the organisation's assets and processes.

CHAPTER 4
RESEARCH METHODOLOGY OF THE STUDY

4.1 INTRODUCTION

In this chapter the methodology applied in conducting the research is presented. The methodology and design is explained and thereafter the population and sample are placed into context. This is followed by a brief discussion of the measuring instrument, and finally the ethical considerations are highlighted.

4.2 RESEARCH METHODOLOGY

The study will be qualitative in nature. According to Leedy (2005:94) qualitative research is normally used to answer questions about the complex nature of phenomena, usually with the objective of describing and understanding the phenomena from the participants' point of view. Leedy (2005:135) further indicates that qualitative research typically serves one or more of the following purposes:

- interpretation – It enables the participant to gain new insights into a particular phenomenon;
- description – It has the ability to reveal the nature of certain situations, relationships, processes, systems or people;
- verification – It allows the participant to test the validity of certain assumptions, generalisations within the real world context or theories; and
- evaluation – It provides a means through which a person can judge the effectiveness of particular policies, innovations or practices.

There are several reasons for using qualitative research. Scholl and de Ruyter (1998:7) state that qualitative research offers an insight into questions that address the way people think about a certain subject, in addition qualitative research is often used to study phenomena of which relatively little is known, with the purpose of formulating theories and/or hypotheses. Qualitative research therefore does not measure, it provides insight. This insight can be gained through a process consisting of analysis and meaningful integration of views expressed by respondents (Spiggle 1994:491-503). Qualitative research provides an in-depth insight, it is flexible, small-scale and exploratory and the results obtained are concrete, real-life like and full of ideas (Scholl & de Ruyter, 1998:10).

The study will be conducted at Investec Securities and is case specific to Investec Securities only. According to Zikmund (2003:115) the purpose of the case study method is to obtain information from one or a few situations that are similar to the researcher's problem situation. The primary advantage of the case study is that an entire organisation or entity can be investigated in depth and with meticulous attention to detail, which enables the researcher to identify the relationships among functions, individuals, or entities.

4.3 RESEARCH DESIGN

The exploratory descriptive research method will be used for this study. According to Zikmund (1993:54) exploratory research is conducted to clarify and define the nature of a problem, and descriptive research presents the specific characteristics of a population, phenomenon or situation. This research will be used to elicit the views of employees in Investec Securities that are actively involved in the organisation's project management programme in one capacity or another. This will clarify certain perceptions, opinions and ideas and increase the understanding of the research problem.

4.4 POPULATION AND SAMPLE

A population or universe is described by Zikmund (2003:369) as any complete group of people, companies, hospitals, stores, college students, or the like that share some set of characteristics. The distinction between a population and universe is made on the basis of whether the group is finite (population) or infinite (universe). The population is Investec Securities business support services and senior management of the private client front office.

It consists of seven information technology infrastructure staff, five project support employees, seven business analysts, fourteen developers, nine line managers and eight senior managers. The population size is therefore fifty employees in total. The unit of analysis is therefore the individuals employed in Investec Securities that play an active role in the project management programme and/or strategy formulation of the organisation. The individuals are employed throughout the regional offices of Investec Securities in South Africa.

4.4.1 Sampling type

In this study a purposive non-probability sample will be used.

Sampling is used to enable a researcher to make conclusions about a whole population by estimating some unknown characteristic of a population using a small number of items or parts of the larger population. Zikmund (2003:369) states that a sample is a subset, or some part of a larger population.

In probability sampling every element in the population has a known non-zero probability of selection. The simple random sample is the best known probability sample, in which every member of the population has an equal probability of being selected (Zikmund, 2003:379). In non-probability sampling the probability of any particular member of the population being chosen is unknown, as the selection is quite arbitrary. Researchers rely heavily on personal judgement in the selection of the sampling units (Zikmund, 2003:380). Finally, purposive sampling is described by Zikmund (2003:382) as a non-probability sampling technique in which an experienced individual selects the sample based upon some appropriate characteristic of the sample members.

4.5 DATA COLLECTION

The primary data was collected using the survey research method in the form of a questionnaire distributed to respondents with the purpose of obtaining a representative sample of the target population. According to Zikmund (2003:175) surveys require asking people who are called respondents, for information, using either verbal or written questions. In addition a survey is defined as a method of gathering primary data based on communication with a representative sample of individuals (Zikmund, 2003:175).

The questionnaire consisted of structured questions that cover facts, opinions and attitudes. Zikmund (2003:186) describes a structured question as a question that imposes a limit on the number of allowable responses to that question. The questions in this study focused on project management methodology and the implementation thereof, as well as the business strategy of Investec Securities, and limit the respondent to a specific range of responses to ensure that the respondent does not stray beyond the questions asked.

The collected data was analysed by means of computer software packages like SPSS Data Entry and SPSS/PC+ to present the data in various statistical formats using the services offered by the University of Johannesburg. The data was interpreted to ultimately draw meaningful conclusions from it. Finally, face-to-face interviews was conducted with three to five respondents to obtain a more in depth understanding of the main themes that emerge from the data analysis.

4.6 TRUSTWORTHINESS OF THE RESEARCH

Zikmund (2003:63) states that pilot studies collect data from the ultimate subjects of the research project to serve as a guide for the larger study. According to De Vos (2002:337) a pilot study in qualitative research allows the researcher to focus on specific questions.

A pilot study was conducted with three respondents to determine the relevancy of the data that can be obtained from all the respondents, to assist in quality control when designing the questionnaire, and to test whether respondents had an equal understanding of the questions asked.

4.7 ETHICAL ASPECTS

The following ethical aspects as per Zikmund (2003:77-89) were taken into consideration during the study:

- confidentiality - all information received was treated in a confidential manner;

- informed consent – respondent were informed before the questionnaires were administered, verbally and in writing, as to the intent of the study;

- deception – no information that could alter the responses from the respondents was withheld. The purpose and limitations of the research were made clear from the beginning; and

- publication of findings - a written report will be compiled. This will be done as objectively and accurately as possible.

4.8 ASSUMPTIONS

The purpose of this study is to investigate the benefits of implementing standardised project management methodologies in large stock broking firms in South Africa using Investec Securities as a case study, to determine how it supports the achievement of the strategic business initiatives and the development of a possible sustainable competitive advantage for the organisation. A few assumptions have been made to avoid them influencing the credibility of the research proposal. These assumptions are:

- the study focused on employees of Investec Securities that are directly and indirectly involved in the organisation's project management process in some form or another. These employees include senior managers, project managers, developers, business analysts and operational managers. Employees that are not involved in project management are therefore excluded from the study;

- the study did not include any other business divisions within the Investec Group;

- all the questionnaires were administered in a fair, unbiased manner;

- the respondents had sufficient information at their disposal to provide meaningful responses; and

- the literature review conducted in the study is an accurate representation of the subject matter, but is not exhaustive.

4.9 CONCLUSION

Even though there are only fifty individuals that are involved in the project management process of Investec Securities, they are responsible for the implementation of multiple projects that are managed simultaneously within the business. The targeted respondents also include the senior management responsible for the strategy formulation and implementation for the business as a whole. One of the major objectives of the research is to gain insights into the relationship between project management, business strategy and a competitive advantage as identified by this specialised group of individuals through their responses to the questionnaire, and to recommend proactive ways of enhancing the relationship on a sustainable basis.

In the next chapter the research findings and results will be analysed and presented, with recommendations made to management based on the findings. The discussion will focus on project management, business strategy, and their relationship with each other.

CHAPTER 5
RESEARCH FINDINGS AND ANALYSIS

5.1 INTRODUCTION

This chapter discusses the findings and analysis of the research. Tables and figures are used throughout to assist in the interpretation of the research results. The discussions focus on business strategy, project management methodology and implementation, and how the concepts intersect within the chosen case study. Certain logical inferences are made and highlighted where applicable. In the analysis reference is made to the theory in chapters two and three.

5.2 THE RESEARCH

According to Srivannaboon and Milosevic (2006:495) business strategy is not always well communicated or consistent with project management actions, which can lead to misalignment, resulting in the organisation losing potential market opportunities. Understanding the alignment between business strategy and project management may be one of the major challenges to effective project management.

After a pilot study conducted with three project managers in the organisation, a total of 50 questionnaires were distributed to employees in Investec securities business support services and to managers in the private client front office. A total of 44 responses were received by the closing date. This represents 88% of the population and is therefore a representative sample of employees involved with strategy formulation and project management in Investec securities.

5.3 FINDINGS OF THE RESEARCH

In this section the results of the responses received from the questionnaire that was distributed amongst the respondents are analysed in three categories, namely:

- findings on general information;
- findings on business strategy; and
- findings on project management methodology.

5.3.1 FINDINGS ON GENERAL INFORMATION

The purpose of the first five statements of the questionnaire, see annexure A, was to gather general information on the population to analyse if there were any meaningful differences in responses to the various statements based on gender and age profile. As illustrated in tables 5.1 and 5.2 there were no meaningful statistical differences to be observed. One can therefore conclude that these factors have no bearing on a respondent's view regarding project management and business strategies, as both had a mean response of between "neutral" to "agree" on the statements covering these sections.

Table 5.1 Gender comparisons

Group Statistics					
	Gender	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
Section C – Project management methodology	Male	26	3.46	0.395	0.077
	Female	18	3.69	0.427	0.101
Section D – Strategy and project intersect	Male	26	3.27	0.577	0.113
	Female	18	3.09	0.498	0.117

Table 5.2 Age profile comparisons

	Age profile	N	Mean	Std. Deviation	Std. Error
Section C – Project management methodology	18 to 30 years old	16	3.63	0.399	0.100
	31 to 40 years old	13	3.41	0.411	0.114
	41 years and older	14	3.62	0.452	0.121
	Total	**43**	**3.56**	**0.422**	**0.064**
Section D – Strategy and project intersect	18 to 30 years old	16	3.26	0.548	0.137
	31 to 40 years old	13	2.98	0.590	0.164
	41 years and older	14	3.39	0.428	0.114
	Total	**43**	**3.21**	**0.540**	**0.082**

5.3.2 FINDINGS ON BUSINESS STRATEGY

Questions 6-13 of the questionnaire, see annexure A, elicited the views of employees on the effectiveness of the organisation's business strategy, including communication and overall understanding of the business strategy.

Table 5.3 Question 6 – Existence of a business strategy

Question 6: ISL has a business strategy		**Frequency**	**Percent**
Valid	Yes	39	88.6
	No	4	9.1
	Total	43	97.7
Missing	System	1	2.3
Total		44	100.0

From the responses received in question 6 an overwhelming majority of 88.6% believe that Investec securities do have a business strategy. It is encouraging that only four respondents did not believe that the organisation has a business strategy at all.

Table 5.4 Question 7 – Frequency of communication on strategy

Question 7: How often do you receive communication on ISL's business strategy?		Frequency	Percent
Valid	Never	1	2.3
	Rarely	11	25.0
	Occasionally	12	27.3
	Fairly Often	8	18.2
	Frequently	7	15.9
	Total	39	88.6
Missing	System	5	11.4
Total		44	100.0

An alarming response is that 54.6% of employees never receive, rarely receive or only occasionally receive communication on the business strategy, as indicated by responses received in question 7. This is a clear indication that senior management will have to make a concentrated effort to ensure that the overall business strategy is communicated down to the operational levels, to ensure that the efforts of all the employees support the primary objectives of the organisation's business strategy.

Table 5.5 Question 8 – Understanding of the business strategy

Question 8: Do you have a clear understanding of ISL's business strategy?		Frequency	Percent
Valid	Yes	26	59.1
	No	13	29.5
	Total	39	88.6
Missing	System	5	11.4
Total		44	100.0

From responses received in question 8, only 59.1% of employees have a clear understanding of the business strategy. An alarming 29.5% of employees do not have an understanding of the organisation's business strategy. A logical conclusion is that the lack of understanding is a result of the limited communication of the business strategy by senior management.

From responses received in question 9 only 34.1% of employees agree that the business strategy is successfully implemented. More than half of the employees believe the strategy is not successfully implemented.

Table 5.6 Question 9- Success of strategy implementation

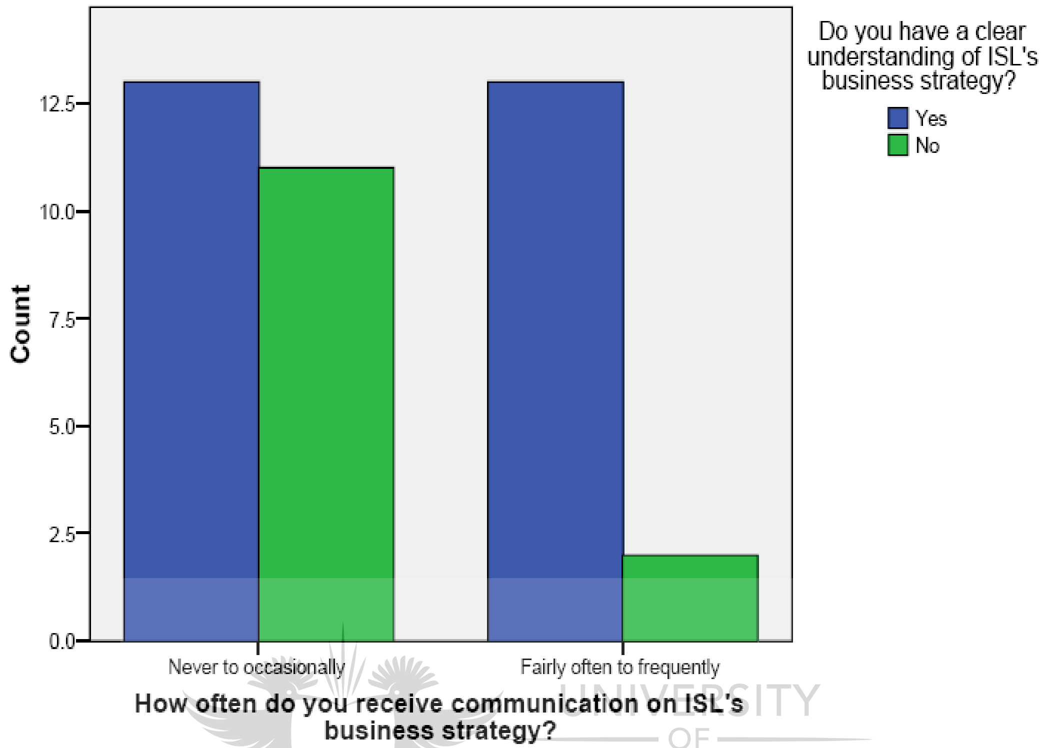
Question 9 Do you believe that the business strategy is successfully implemented?		**Frequency**	**Percent**
Valid	Yes	15	34.1
	No	23	52.3
	Total	38	86.4
Missing	System	6	13.6
Total		44	100.0

Various cross analysis were performed to determine the impact a number of these factors surrounding business strategy have on each other and the views of the employees. Firstly a cross analysis was conducted to determine the link between the frequency of strategy communication and the understanding thereof, as illustrated in table 5.7 and figure 5.1.

Table 5.7 Cross analysis between strategy communication and understanding

Analysis of the degree of communication and the resultant level of understanding of ISL's business strategy.					
			Do you have a clear understanding of ISL's business strategy?		
			Yes	No	Total
How often do you receive communication on ISL's business strategy?	Never to occasionally	**Count**	**13**	**11**	**24**
		% within "How often do you receive communication on ISL's business strategy?"	54.2%	45.8%	100.0%
	Fairly often to frequently	**Count**	**13**	**2**	**15**
		% within "How often do you receive communication on ISL's business strategy?"	86.7%	13.3%	100.0%
Total		**Count**	**26**	**13**	**39**
		% within "How often do you receive communication on ISL's business strategy?"	66.7%	33.3%	100.0%

Figure 5.1 Cross analysis between strategy communication and understanding of the strategy



The cross analysis in table 5.4 also illustrated in figure 5.1 clearly indicates that of the 61.5% of employees that never to occasionally receive communications on business strategy, surprisingly 54.2% do have a clear understanding of the business strategy. Of the 38.5% of the employees that receive frequent communication on strategy, an expected 86.7% have a clear understanding of the strategy, and quite interesting is the fact that 13.3% of respondents in this category still do not understand the organisation's strategy. This analysis highlights two potential areas of improvement. Firstly, more regular communication on strategy is required, especially when focus is changed due to changing circumstances, and secondly, the communication has to be clear and unambiguous to avoid misalignment.

The next cross analysis was conducted to determine if the successful implementation of the business strategy creates a competitive advantage for the organisation. The findings are illustrated in table 5.8 and figure 5.2.

Table 5.8 Cross analysis between successful implementation of strategy and creating a competitive advantage

Analysis of the successful implementation of the business strategy and its ability to create a competitive advantage for ISL.					
			Do you believe ISL has a competitive advantage over its competitors?		
			Yes	No	Total
Do you believe that the business strategy is successfully implemented?	Yes	**Count**	**12**	**3**	**15**
		% within "Do you believe that the business strategy is successfully implemented?"	80.0%	20.0%	100.0%
	No	**Count**	**11**	**12**	**23**
		% within "Do you believe that the business strategy is successfully implemented?"	47.8%	52.2%	100.0%
Total		**Count**	**23**	**15**	**38**
		% within "Do you believe that the business strategy is successfully implemented?"	60.5%	39.5%	100.0%

The above cross analysis indicate that of the 39.5% of employees that believe the organisation does successfully implement its business strategy, 80% also believe the organisation has a competitive advantage over its competitors. Of the 52.2% of employees that do not believe the organisation implements its strategy successfully, 47.8% still believes the organisation has a competitive advantage. These findings highlights that competitive advantage does not only depend on strategy, but other factors such as differentiation, brand equity and business relationships as proposed by Hoffman (2000) play a critical role in creating a competitive advantage for the organisation.

The next cross analysis focuses on the link between a successful business strategy and the extent to which it is believed to be supported by operational strategies and objectives. The findings are illustrated in table 5.9 and figure 5.2.

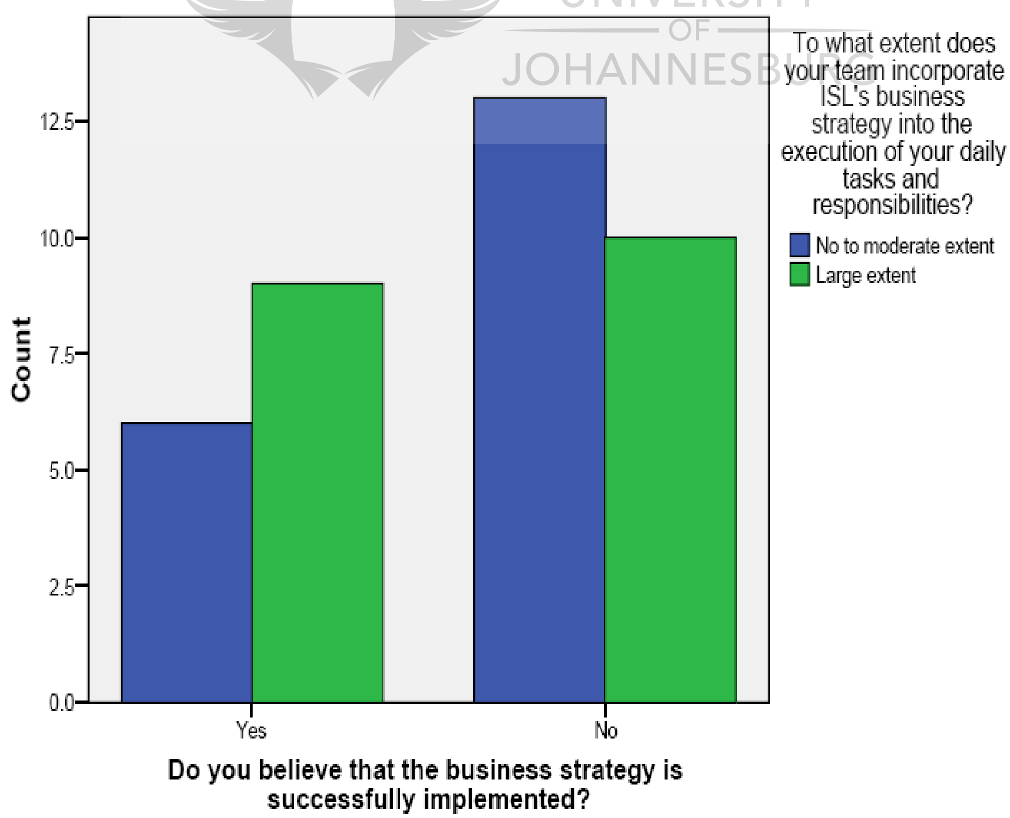
Table 5.9 Cross analysis between a successful business strategy and operational strategies and objectives

Analysis of the successful implementation of the business strategy and to what extent the operational strategies and objectives support the overall business strategy.

			To what extent do operational strategies and objectives support the achievement of our overall business strategy?		
			Small to moderate extent	Large to full extent	Total
Do you believe that the business strategy is successfully implemented?	Yes	**Count**	**6**	**9**	**15**
		% within "Do you believe that the business strategy is successfully implemented?"	40.0%	60.0%	100.0%
	No	**Count**	**10**	**13**	**23**
		% within "Do you believe that the business strategy is successfully implemented?"	43.5%	56.5%	100.0%
Total		**Count**	**16**	**22**	**38**
		% within "Do you believe that the business strategy is successfully implemented?"	42.1%	57.9%	100.0%

Of the 39.5% (15 out of the 38) respondents in table 5.6 that believe the business strategy is successfully implemented, only 60% believe that the operational strategies and objectives support the overall business strategy to a large or full extent. A very interesting finding is that 56.5% of employees that do not believe the business strategy is successfully implemented do believe that operational strategies and objectives support the overall business strategy to a large or full extent. This finding indicates that there is broad based recognition amongst employees that operational strategies and objectives have to be aligned with the business strategy, supporting the statements of Joshi, Kathuria and Porth (2003:353-369) that strategic initiatives at the functional or operational level must be aligned with and support business strategies.

Figure 5.2 Cross analysis between a successful business strategy and operational strategies and objectives



The final cross analysis determined the relationship between a business strategy that is focused on creating a competitive advantage and achieving a competitive advantage. As seen in table 5.10 and figure 5.3.

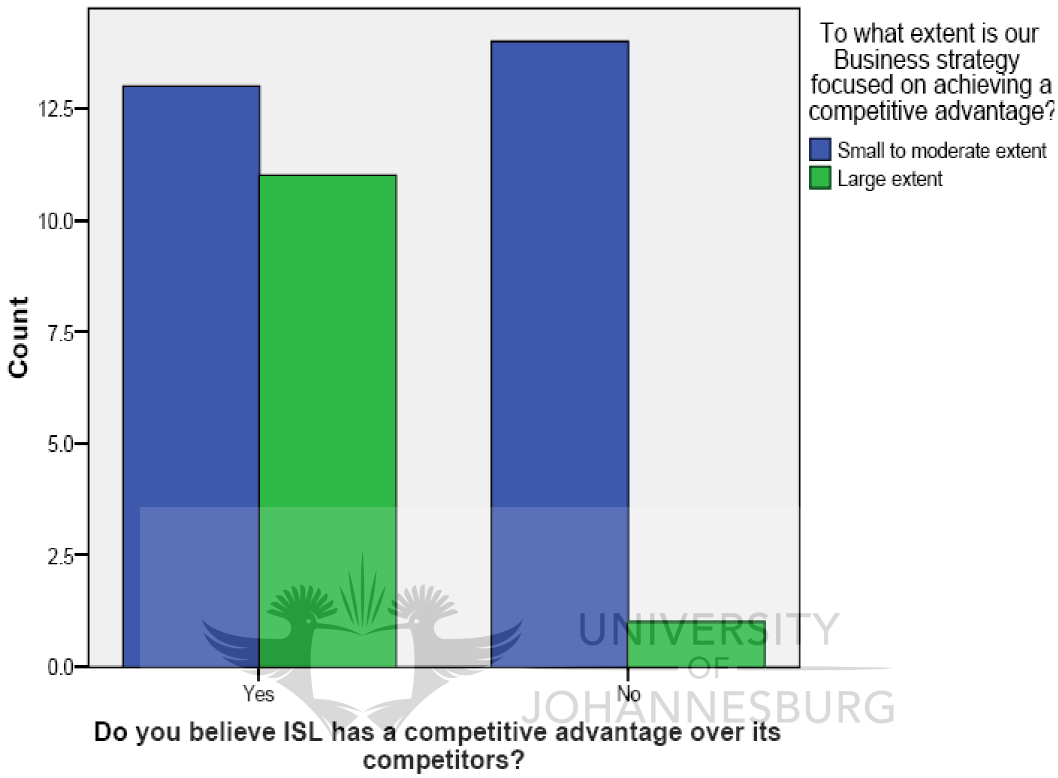
Of the 61.5% (24 out of 39) respondents that believe the organisation has a competitive advantage, 54.2% believe the overall business strategy is small to moderately focused on achieving a competitive advantage, and 45.8% believe the business strategy is largely focused on achieving a competitive advantage, an almost equal distribution. Not surprising is the result that 93.3% of the employees that believe Investec securities does not have a competitive advantage, also do not believe that the strategy is focused on achieving a competitive advantage.

Table 5.10 Cross analysis between business strategy focus and achieving a competitive advantage

Analysis of the extent of ISL's competitive advantage and the degree of competitive focus of its business strategy.

			To what extent is our Business strategy focused on achieving a competitive advantage?		
			Small to moderate extent	Large extent	Total
Do you believe ISL has a competitive advantage over its competitors?	Yes	**Count**	**13**	**11**	**24**
		% within "Do you believe ISL has a competitive advantage over its competitors?"	54.2%	45.8%	100.0%
	No	**Count**	**14**	**1**	**15**
		% within "Do you believe ISL has a competitive advantage over its competitors?"	93.3%	6.7%	100.0%
Total		**Count**	**27**	**12**	**39**
		% within "Do you believe ISL has a competitive advantage over its competitors?"	69.2%	30.8%	100.0%

Figure 5.3 Cross analysis between business strategy focus and achieving a competitive advantage



5.3.3 FINDINGS ON PROJECT MANAGEMENT METHODOLOGY

Section C of the questionnaire, see annexure A, focused on project management methodology and practice within Investec securities. It attempted to determine to what extent standardised project management practices were being implemented in the chosen organisation, placing emphasis on certain critical aspects of standardised project management, to identify areas of strength and weaknesses within the organisation's project management process.

Table 5.11 Research findings on project management methodology and practice

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
14	ISL's project management process is based on a standardised project methodology	-	2.3%	6.8%	50.0%	40.9%
15	ISL uses a consistent process when managing projects	-	2.3%	11.4%	50.0%	36.4%
16	Our project management tools & techniques meet our needs	-	9.1%	11.4%	56.8%	22.7%
17	We have an effective Project Management Office (PMO)	-	4.5%	15.9%	56.8%	22.7%
18	We have an effective project prioritisation process	2.3%	22.7%	22.7%	40.9%	11.4%
19	The project goals and objectives are established when a project is initiated	-	4.5%	15.9%	72.7%	6.8%
20	A full scope of work is developed and documented when a project is initiated	-	9.1%	31.8%	45.5%	13.6%
21	We execute our project management process successfully	-	9.1%	45.5%	38.6%	6.8%
22	Projects are delivered on time	-	56.8%	36.4%	6.8%	
23	Projects are delivered within budget	2.3%	47.7%	47.7%	2.3%	
24	We have a good Post Project Review system in place	2.3%	13.6%	50.0%	34.1%	
25	Programme management helps to effectively manage the group of projects in ISL.	-	2.3%	25.0%	68.2%	4.5%
26	We use Programme management to assist in understanding the impact of projects on one another	-	4.5%	31.8%	59.1%	4.5%

Statements 14 to 16 determined if Investec securities implemented standardised project management, and if the methodology fulfilled the organisation's project requirements. Statements 17 to 21 elicited the views of employees on the quality of project management leadership, coordination and communication with project members. Statements 22 to 23 determined if the core concern of project management to deliver a specific result in a particular time and at a particular cost were achieved (Grundy, 1998:43). Finally, statements 24 to 26 determined if the projects were successfully organised into programmes supported by regular reviews of the objectives of ongoing and new projects, as suggested by Dietrich and Lehtonen (2005:392).

Based on the responses from statements 14 and 15 more than 85% of the employees either agree or strongly agree that Investec securities does implement a standardised project management process consistently when managing projects, and based on responses received in statement 16, 79.5% of employees are satisfied that the tools and techniques applied as part of the process meet the needs of stakeholders involved in the projects. This is extremely encouraging and reflects that standardised project management has become an integral part of the organisation's operational practices.

The responses from statement 17 clearly indicate that the project management process is managed by an effective project management office, providing adequate project management skills and coordination of the entire project management process. This is supported by the responses in statement 19 reflecting that project goals and objectives are established and communicated during the project initiation phase, as stipulated by the standards in the PMBOK guide.

The responses in statement 18 is rather alarming with 26% of employees indicating that the project prioritisation process is not effective, and only 51% of employees either agree or strongly agree that the prioritisation process is effective. This can therefore be identified as a potential weakness in the organisation's project management process that will have to be addressed.

Based on the responses from statements 22 and 23 the core concern of project management as defined by Grundy (1998:43) is not achieved, as 56.8% of employees do not agree that projects are delivered on time, as reflected in the responses to statement 22, and 50% do not believe that projects are delivered within budget, as reflected in the responses to statement 23. This is clearly another potential weakness in the project management process that will have to be addressed by senior management in the organisation.

According to McElroy (1996:329) programmes act as a link between projects and strategy, providing a structure to manage the process, thereby increasing the chances of successful implementation.

The responses from statements 25 and 26 regarding the organisation's project programme management is very encouraging, with 72.7% of respondents to statement 25 that either agree or strongly agree that programme management assists the organisation in managing its group of projects, and 63.6% of employees agree that programme management allows them to understand the impact individual projects have on each other.

5.3.4 FINDINGS ON STRATEGY AND PROJECT MANAGEMENT INTERSECT

Section D of the questionnaire focused on the relationship between strategy and project management in Investec securities to determine if it adds value and ultimately supports the achievement of a competitive advantage for the organisation.

Statement 27 to 29 determined if project management and business strategy is aligned to focus on the right projects, given the objectives of the business strategy (Morris & Jamieson, 2004:228) and to establish if project management is used in the organisation as a first step in building a business strategy (Srivannaboon & Milosevic, 2006:494).

According to Longman and Mullins (2004:25) to support project success management should communicate to project team members and stakeholders the value of projects and the project management process in the organisation to demonstrate the importance and benefits of following a standardised approach to project management. Statements 30 and 31 determined if senior management was giving the project process the desired level of support to be successful.

According to Morris and Jamieson (2004:228) the main reason for the focus on project management/business strategy alignment is the need for organisations to develop and implement innovative business strategies to remain competitive. In addition, organisations have to ensure that projects are executed in line with the strategies they support. Statements 32 to 35 measured the extent of the two-way influence between strategy and project management in the organisation. Finally, statement 36 determined to what extent the standardised project management process enables the organisation to gain a competitive advantage.

Table 5.12 Research findings on strategy and project management intersect.

	Statement	No extent	Small extent	Moderate extent	Large extent	Full extent
27	ISL incorporates its business strategies into the Project Management Process	4.5%	20.5%	22.7%	50.0%	2.3%
28	We use Project Management to optimise business decisions	4.5%	40.9%	47.7%	6.8%	-
29	We use Project Management to assist in making organisational decisions for the future	6.8%	47.7%	36.4%	9.1%	-
30	Senior management supports Project Management in our organisation	2.3%	13.6%	27.3%	52.3%	4.5%
31	ISL has a visible, proactive senior management team	4.5%	15.9%	40.9%	29.5%	9.1%
32	Effective Project Management depends on a successful business strategy	-	-	9.1%	65.9%	25.0%
33	The successful implementation of our business strategy depends on effective Project Management	-	9.1%	15.9%	61.4%	13.6%
34	Our business strategy drives the focus and content of our Project Management strategy	4.5%	29.5%	29.5%	29.5%	3 6.8%
35	Our business strategy drives the focus and content of our Project Management programme	4.5%	20.5%	40.9%	25.0%	9.1%
36	Our Project Management process helps the organisation to achieve a competitive advantage	-	29.5%	54.5%	15.9%	-

The responses from statement 27 indicate that 75% of employees believe that business strategies are moderately to largely incorporated into the project management process. The mean of responses on this statement was 3.25, which is not an encouraging statistic. In addition the mean of responses on statement 28 was 2.57 and on statement 29 was 2.48, both implying that the use of project management in the decision making process is very limited. This in turn reflects that the project management process does not play a significant role in the development of the organisation's business strategies, and is therefore not implemented effectively by management, nor does the business strategy drive the project management process as it should.

The responses from statements 30 and 31 are more encouraging, and clearly reflect a visible senior management team that does support project management with 52% of employees agreeing to a large extent with statement 30. The findings from the above two statements are not similar to the responses in statements 27 to 29, indicating that although senior management supports the project management process to a large extent, a conclusion can be drawn that employees believe that senior management supports project management as an operational function and not as a strategic one.

The responses in statements 32 and 33 indicate wide recognition amongst employees that there is a two-way influence between project management and the business strategy, with 81% of employees believing that effective project management depends on a successful business strategy, and 75% believing that the successful implementation of the business strategy is dependent on effective project management to a large or full extent. Clearly an overwhelming response in favour of the interdependence between the two disciplines.

However when analysing the responses in statements 34 and 35, the view that business strategy drives project and programme management in the organisation drops meaningfully with only 34% of employees agreeing that programme management is driven to a large or full extent by the business strategy. These responses tie back to the responses in statements 27-29, supporting the conclusion that the interdependence between project management and strategy is recognised in theory, but not applied in practice by the management team of Investec securities.

Based on the abovementioned findings, it is not surprising that 55% of employees agree to a moderate extent and only 16% to a large extent with statement 36 that the project management process helps the organisation to achieve a competitive advantage. An alarming 30% only agrees to a small extent.

5.4 CONCLUSION

The research results have shown that employees at Investec securities are satisfied with the project management process in the organisation. There are some areas of concern that have been identified that would require the attention of management, such as the project prioritisation process, and the apparent inability to complete projects on time and within budget.

In the next chapter recommendations will be made to management based on the literature review. The recommendations are aimed at providing solutions to the areas of concern as identified from the research findings in this chapter.

CHAPTER 6
SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The primary objective of the study is to investigate the benefits of implementing standardised project management in a large stock broking firm, using Investec securities as a case study, and to determine how it supports and intersects with strategic business initiatives. In the previous chapter a few areas of concern were identified. Project prioiritisation and meeting project timelines were not adequate, and the business strategy was not effectively communicated, nor was it the key driver of the project management process. Finally project management was not used in strategic management processes, supporting the concern of a weak relationship between strategy and project management.

In this chapter recommendations will be made to management on improving the relationship and process with emphasis on the above mentioned areas of concern.

6.2 CONCLUSION

The theory behind a number of approaches and methods, including those presented in the PMBOK guide, as well as key success factors were identified and reviewed, to determine how organisations can apply them to improve their project management effectiveness. Milosevic and Patanakul (2005:182-193) identified standardised project management tools, standardised project management leadership, and standardised project management process as the three critical factors of interest when measuring project success.

In addition Clarke (1999:142) stated that an organisation can obtain an effective project standard by concentrating on setting clear objectives and project scope, achieving good communication, breaking projects into smaller manageable plans, and using the plans as dynamic documents. Finally, Hyvari (2006:216-225) stated that project management effectiveness can me measured against the organisational structure, leadership, technical competency and the characteristics of the project manager. All of these aspects contribute to delivering a greater benefit to the organisation using standardised project management to achieve operational and strategic business initiatives.

Thereafter the study focused on the relationship between project management and strategic initiatives, as well as various project management techniques, models and frameworks organisations can use to implement business strategies successfully.

The literature review presented in chapter three, highlights a number of important factors, namely:

- strategy and projects cannot be separated, and are indeed dependent on each other;
- project management requires deliberate planning and execution to create conditions that are favourable to the achievement of success;
- strategy implementation forms an increasingly important part of project management;
- different strategies require different focus and content of project management elements, to ensure appropriate project management configurations that match the business strategy of the particular organisation.; and

- programme management has become an increasingly popular method of managing projects. An organisation's ability to link projects to produce a result greater than the sum-of-the-parts ensures that project management makes a meaningful contribution to the way an organisation undertakes its operations.

From a business strategy perspective, the research has indicated that the organisation has a firmly entrenched business strategy, but that it is not effectively communicated to all levels of the organisation, which has the potential to cause misalignment between operational strategies and the objectives of the overall business strategy.

The relationship between project management and the business strategy requires the attention of management. It is clear from the research that the business strategy does not drive the project management to the degree it should and that the benefits offered by the standardised project management process are not fully utilised by management in their strategic decision making processes.

6.3 RECOMMENDATIONS

In terms of improving the relationship between strategy and project management it is recommended that project portfolio management programme as stated by Rad and Levine (2007:101) is followed. Both senior management and the project office must focus on implementing a strategic and dynamic project portfolio management programme, driven solely by the business strategy. Project prioritisation and selection will have to support the opportunities as identified within the overall business strategy. From a project management point-of-view success should no longer be measured by an individual project being completed on time or within budget, but rather by measuring its contribution to the organisation as a whole, benchmarked against the contribution of the other active projects in the portfolio. This will help to focus resource allocation on maximising the value to the organisation, by having the right human- and financial resources on the right projects at the right time.

In addition to the above mentioned, it is critical that each project is evaluated at key intervals, and not only after completion, to ensure that individual projects are still in line with the business strategy, and is still adding the value that was originally expected from the project. The primary objective of the project portfolio programme has to be:

- increasing operational efficiency;
- derive meaningful cost savings; and
- increasing the profitability of the organisation.

With these objectives in mind, management will have to ensure that project management plays a more active role in the strategic planning and decision making functions of the broader organisation.

The implementation of such a dynamic project portfolio programme in Investec securities will facilitate a standardised approach to project prioritisation, with a set of guidelines and review intervals to ensure strategic alignment to the business initiatives of the organisation.

In essence the organisation's business strategy should set the boundaries for the projects, as this will minimise misalignment between the strategic objectives of management and operational objectives of the functional divisions.

It was apparent from interviews conducted with the project managers that there is a tendency in the IT division to take control of projects and to develop additional features not requested by the business owners when a project enters the execution phase. This appears to be one of the major reasons for not delivering projects on time or within budget. It is therefore recommended that IT development focuses on getting the balance right between delivering a functional product that meets the requirements of business as stipulated in the formal project documentation, and creating the perfect solution they strive for, taking resource constraints into account. All stakeholders involved have to buy into the process to make it successful.

Finally, Investec securities follow a clear differentiation strategy to place the organisation in a unique position from a customer's perspective. The strategy is built on superior quality service, innovative products and a strong brand. It is therefore important that the project management elements (project strategy, project organisation, process, tools, metrics and culture) support the execution of the competitive strategy to deliver the desired outcome (Shenhar, 1999:383-386). In light of the above it is recommended that management implement the following steps to support their differentiation strategy:

- project strategy - has to focus on the competitive attributes of the organisation. Project prioritisation and selection must be based on a sound and objective process that reflects the potential of each project to enhance the organisation's unique and desirable position with its customers, and not on the seniority or the influence of the business owner within the organisation;

- project organisation – has to be flexible enough to facilitate the achievement of the organisation's competitive attributes. Strike a balance between following the standardised project management process to ensure operational efficiency, and allowing scope for innovation and errors in changing for the greater benefit of the organisation;

- project culture - must facilitate the objective of creating a competitive advantage for the organisation through differentiation. It is recommended that individuals involved in projects are rewarded on speed of execution and quality of the outcome of their efforts;

- education and training - it is recommended that employees involved in projects are placed on an extensive training programme facilitated by the project management office and the organisation's training officers on the project methodology and practice applied in the organisation. The training can be supplemented by the bank's broader in-house training courses such as effective time management and writing skills to create more effective project teams;

- resourcing – it is recommended that separate project teams are established and deployed to the private client and institutional divisions in Investec securities. This will ensure that each business unit has a dedicated project team with the necessary skills to concentrate on managing and delivering projects for that business unit alone. All project management costs are allocated to the specific business unit, therefore they pay for what they use; and

- communication – it is imperative that the organisation's vision and strategic objectives are effectively communicated throughout all levels of the organisation. This can be achieved by using multiple forums such as formal quarterly meetings with staff presented by senior management. Another form of communication that is extremely valuable is leading by example. Senior management has to live the values of the organisation and give their full support to the project management process in public to lift its profile as a strategic component of the decision making processes in the organisation.

6.4 IMPORTANCE OF THE STUDY

The primary objective of the study was to investigate the benefits of implementing standardised project management in a large stock broking firm, using Investec securities as a case study, and to determine how it supports and intersects with strategic business initiatives.

The study contributed to the body of knowledge in the organisation and the stock broking industry as the alignment of project management with business strategy is not a widely explored concept, and within the realms of the stock broking industry in South Africa it is an unexplored concept.

The research indicated that successful integration of strategy and project management adds value to organisations that operate in the highly competitive stock broking industry in South Africa, as it has the potential to significantly reduce costs, enhance the efficiency of organisations, and increase profitability if successfully implemented and managed using a standardised methodology and process.

In addition the study indicated that it is imperative for senior management and project managers alike to recognise the interdependence between business strategy and project management, to create maximum leverage off each other in support of the organisation's objective to achieve a sustainable competitive advantage for the future.

6.5 AREAS FOR FURTHER RESEARCH

The successful alignment of business strategy and project management in stock broking organisations that are traditionally characterised by an informal working culture where process and structure are viewed as secondary to generating revenue, is a complex and demanding challenge. A longer term study of this dynamic relationship across the entire South African stock broking industry, not limited to a single organisation as a case study, would be beneficial to the field of knowledge.

The recommendations made in this chapter were aimed at creating a competitive advantage in an organisation that implemented a differentiation strategy as their generic business strategy. The recommendations should be adapted, tested and the results compared when applied to case studies that implement either the cost leadership strategy or the best-cost strategy, to test the validity of the recommendations made in this study.

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University of Johannesburg M.Com Business Management Questionnaire - Project Management & Business Strategy Intersect

SECTION A: GENERAL INFORMATION

INSTRUCTION:
In Section A (General Information) please mark the appropriate block with an [X]

1. Gender

Male	1
Female	2

2. Age Profile

18 to 30 years old	1
31 to 40 years old	2
41 to 50 years old	3
> 50 years old	4

3. Years Employed at Investec Securities

Less than 2 years	1
2 to 5 years	2
5 to 10 years	3
More than 10 years	4

4. Division you are employed in

ISL Private Clients	1
ISL Institutional Securities	2
ISL IT	3
ISL IT (Project Management Office)	4
ISL Settlements	5
ISL Corporate Governance	6
ISL Finance	7
ISL Business Service Desk	8
ISL Compliance	9
Other	10

5. Job Title / Position
Please specify our current Job Title in the space provided below.

SECTION B: BUSINESS STRATEGY

INSTRUCTION:
In Section B (Business Strategy) please mark the appropriate block with an [X]

6. ISL has a business strategy.

Yes	1
No	2

NOTE:
If your answer is "YES" in question 1, *please continue with the questions in Section B* , before moving to Section C.
If your answer is "NO" in question 1, *please ignore the remaining questions in Section B* and proceed to Section C.

7. How often do you receive communication on ISL's business strategy?

Never	1
Rarely	2
Occasionally	3
Fairly Often	4
Frequently	5

8. Do you have a clear understanding of ISL's business strategy?

Yes	1
No	2

9.Do you believe that the business strategy is successfully implemented?

Yes	1
No	2

10. Do you believe ISL has a competitive advantage over its competitors?

Yes	1
No	2

11. To what extent is our Business strategy focused on achieving a competitive advantage?

No extent	1
Small extent	2
Moderate extent	3
Large extent	4
Full extent	5

12. To what extent does your team incorporate ISL's business strategy into the execution of your daily tasks and responsibilities?

No extent	1
Small extent	2
Moderate extent	3
Large extent	4
Full extent	5

13. To what extent does operational strategies and objectives support the achievement of our overall business strategy?

No extent	1
Small extent	2
Moderate extent	3
Large extent	4
Full extent	5

SECTION C: EVALUATION OF PROJECT MANAGEMENT METHODOLOGY AND PRACTICE

INSTRUCTION:
In Section C: To what extent do you agree with each of the following statements?
Please indicate your response with a [X] using the 5-point response scale.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
14. ISL's project management process is based on a standardised project methodology,	1	2	3	4	5
15. ISL uses a consistent process when managing projects.	1	2	3	4	5
16. Our project management tools & techniques meet our needs.	1	2	3	4	5
17. We have an effective Project Management Office (PMO).	1	2	3	4	5
18. We have an effective project prioritisation process.	1	2	3	4	5
19. The project goals and objectives are established when a project is initiated.	1	2	3	4	5
20. A full scope of work is developed and documented when a project is initiated.	1	2	3	4	5
21. We execute our project management process successfully.	1	2	3	4	5
22. Projects are delivered on time.	1	2	3	4	5
23. Projects are delivered within budget.	1	2	3	4	5
24. We have a good Post Project Review system in place.	1	2	3	4	5
25. Programme management helps to effectively manage the group of projects in ISL.	1	2	3	4	5
26. We use Programme management to assist in understanding the impact of projects on one another.	1	2	3	4	5

SECTION D: STRATEGY AND PROJECT MANAGEMENT INTERSECT

INSTRUCTION:
In Section D: To what extent do you agree with each of the following statements?
Please indicate your response with a [X] using the 5-point response scale.

	No Extent	Small Extent	Moderate Extent	Large Extent	Full Extent
27. ISL incorporates its business strategies into the Project Management Process.	1	2	3	4	5
28. We use Project Management to optimise business decisions.	1	2	3	4	5
29. We use Project Management to assist in making organisational decisions for the future.	1	2	3	4	5
30. Senior management supports Project Management in our organisation.	1	2	3	4	5

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
31. ISL has a visible, proactive senior management team.	1	2	3	4	5
32. Effective Project Management depends on a successful business strategy.	1	2	3	4	5
33. The successful implementation of our business strategy depends on effective Project Management.	1	2	3	4	5
34. Our business strategy drives the focus and content of our Project Management strategy.	1	2	3	4	5
35. Our business strategy drives the focus and content of our Project Management programme.	1	2	3	4	5
36. Our Project Management process helps the organisation to achieve a competitive advantage.	1	2	3	4	5

Thank you for your co-operation in completing this questionnaire. Kindly return the questionnaire as specified in the cover letter.